

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Brussels, Belgium

Meeting Date: September 17–20, 2024

Agenda Item 5

For:


- ☒ Approval
☐ Discussion
☐ Information


CLIMATE-RELATED DISCLOSURES

Project summary	The project objective is to support global action to combat climate change by providing principles for public sector climate-related disclosures that provide information for improved decision-making and accountability.	
Project staff lead	<ul style="list-style-type: none"> • Celine Chan, Principal • Karen Leung, Manager 	
Climate Topic Working Group members	<ul style="list-style-type: none"> • Ian Carruthers, IPSASB Chair (Topic Working Group Chair) • Lisa French, Canadian Sustainability Standards Board • Max Greenwood, HM Treasury • Jack Bisset, IPSASB Technical Advisor • Miguel Perez Ludena, GRI • Alan Teixeira, International Sustainability Standards Board • Liang Yang, IPSASB Member 	
Meeting objectives Project management	Topic	Agenda Item
	Climate-related Disclosures: Exposure Draft Dashboard	5.1.1
	Instructions up to Previous Meeting	5.1.2
	Decisions up to Previous Meeting	5.1.3
	Climate-related Disclosures: Project Roadmap	5.1.4
Decisions required at this meeting	Project Management Process and Next Steps	5.2.1
	Responsibility for Climate-related Public Policy Programs	5.2.2
	Own operations and Value Chain	5.2.3
	Risks and Opportunities	5.2.4
	Specific Matters for Comment	5.2.5
	Approval of IPSASB SRS ED X, <i>Climate-related Disclosures</i>	5.2.6

Other supporting items	[Draft] IPSASB SRS ED X, Climate-related Disclosures – Clean version	5.3.1
	[Draft] IPSASB SRS ED X, Climate-related Disclosures – with Track Changes	5.3.2

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

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

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

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
August 2024	1. Revise the guidance relating to which entities provide disclosures about climate-related public policy programs (e.g. remove principal vs. agent guidance and consider requirement for entities with responsibility and accountability for outcomes of climate-related public policy programs), including IG3	1. See Agenda Item 5.2.2
	2. Revise flowchart in paragraph 3 to remove term “principal” and revise to be consistent with instruction 1 above	2. See Agenda Item 5.2.2
	3. Revise the definition of “climate-related public policy programs” to bring back the full terminology of ‘public policy program’ and consider revision to ‘achieving outcomes impacting climate’	3. See Agenda Item 5.3.1 paragraph 7
	4. Revise the definition for ‘own operations’, considering the connection with “operational model” and “value chain”	4. See Agenda Item 5.2.3
	5. Review the definition of “value chain” to clarify which entities or individuals are excluded – rather than those that are implementing or executing (e.g. other public sector entities), but those that are affected (e.g. households, private sector entities) and consider updates to BC33 and BC34	5. See Agenda Item 5.2.3
	6. Revise requirements about risks and opportunities related to climate-related public policy programs to focus on those risks and opportunities to achieving the intended outcomes of the programs in core text, AGs, BC72 and IG4	6. See Agenda Item 5.2.4
	7. Clarify the intention and meaning of ‘sovereign powers’ not being limited to national government, including in AGs and IG1	7. See Agenda Item 5.2.2

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	8. Clarify in IG9 and BCs that the IPSASB SRS are not linked to the IPSAS such that adoption can be considered separately	8. See Agenda Item 5.3.1 BC2
	9. Clarify in IG10 that resource providers and their representatives include taxpayers	9. See Agenda Item 5.3.1 AG1.28, B.AG28, BC5
	10. Add in BCs the IPSASB's decisions relating to incorporation of GRI in the draft ED	10. See Agenda Item 5.3.1 BC38, BC91-BC95
	11. Consider adding AG or BC to clarify that public policy programs may include those that indirectly influence decisions or behaviors, such as development or infrastructure	11. See Agenda Item 5.3.1 AG2.4 provides examples of public policy programs, including infrastructure which may indirectly influence behaviors. BC26 acknowledges the challenges with terminology and definitions, and SMC6 asks for feedback on the definition for 'public policy programs'
	12. Review the terminology used in relation to policy "setting" vs. "establishing" and "implementing" vs. "executing"	12. Staff discussed with Board members and recommend using the terms "design", "implement" and "monitor" when describing the different activities involved in public policy program processes. See updates throughout Agenda Item 5.3.1
	13. Revise section title for BC51-BC52 to refer to GAAP only	13. See Agenda Item 5.3.1 BC55-BC56
	14. Review BC59 reference to business travel and leased assets, which are only Scope 3	14. See Agenda Item 5.3.1 BC63
	15. Review language and use of "informed" throughout the drafting for ease of understanding	15. Staff have removed the use of "informed" from paragraphs on climate resilience, and also on sections where individual comments indicated difficulties with understanding. See updates throughout Agenda Item 5.3.2
	16. Review BC98 to clarify language and placement of aligning approach with ISSB with regards to materiality	16. See Agenda Item 5.3.1 BC97
	17. Review section title for BC92-95 to reflect decisions around determining material information	17. See Agenda Item 5.3.1 BC91

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	18. Review use of “intended outcomes” versus “outcomes” as disclosures should provide information about all outcomes, not only those intended outcomes	18. See Agenda Item 5.3.1 – clarified throughout drafting
June 2024	1. Include an SMC to ask constituents whether they agree that the scope of the future Standard should require disclosure of material climate-related information about public policy programs explicitly designed to address climate change or whether disclosures should be provided for all types of public policy programs that may impact climate, such as policies relating to energy, transport, and agriculture sectors	1. See Agenda Item 5.2.5 .
	2. Review paragraph 25 with reference to RPG 1 to determine whether removing the relief to lower thresholds for disclosures relating to climate-related public policy programs is appropriate. Consider a SMC to seek stakeholder feedback	2. See Agenda Item 5.3.1 AG2.29-AG2.31. The updated requirements relating to financial effects of climate-related public policy programs are separate and different from IFRS 2, therefore the relief and reference is no longer applicable. Therefore, staff recommend a SMC on this is not required
	3. Include an SMC on the IPSASB's proposal to provide a rebuttable presumption for using the GHG Protocol Corporate Accounting and Reporting Standard	3. See Agenda Item 5.2.5
	4. Include an SMC on whether there are other Scope 3 emissions specific for the public sector, not within the categories according to the GHG Protocol Scope 3 Guidance that should be required for disclosure	4. Staff recommend to not include a SMC on this as the Scope 3 categories applicable are defined by GHG Protocol and the draft ED excludes activities of other entities and/or individuals to implement the reporting entity's public policy programs

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	5. Include an SMC on the proposed transition provisions and ask respondents to specify what additional exemptions may be needed for public sector and the rationale	5. See Agenda Item 5.2.5
	6. Review requirement to disclose climate-related information at the same time as financial statements and consider an SMC on timing of reporting	6. See Agenda Item 5.2.5

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
August 2024	1. Subject to the instructions above, the definition of 'climate-related public policy programs' is appropriate.	BC24
	2. It is appropriate to allow the option for entities to provide additional disclosures on other public policy programs in the BCs.	BC17
	3. It is appropriate to use the term 'outcomes' generally, and define the term 'public policy program outcomes'.	BC43
	4. It is appropriate to provide additional public sector context for (i) public sector governance structures, (ii) financial implications, and (iii) climate resilience.	BC71-72, BC75, BC79-80
	5. It is appropriate to provide an IG on other non-climate-related public policy programs.	BC109
	6. It is appropriate to provide additional public sector context in the IEs, including the (i) disaggregation of a policy-setting function, and (ii) impacts to the economy, environment, and people.	BC109
July 2024	7. Subject to the instructions above, to clarify the difference between an entity's own operations from climate-related public policy programs, including (i) providing additional guidance on the scope; (ii) revising terms and definitions; and (iii) providing detailed application guidance.	BC24
	8. Subject to the instructions above, the proposed revisions to restructure and simplify the draft ED are appropriate.	BC24-25
	9. It is appropriate to include the recommended IGs and IEs from the Accompanying Guidance on IFRS S1 General Requirements for <i>Disclosure of Sustainability-related Financial Information</i> and the Accompanying Guidance on IFRS S2 <i>Climate-related Disclosures</i> .	BC96

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	10. It is appropriate to exclude the industry-based guidance from Accompanying Guidance on IFRS S2.	BC97
	11. Subject to the instructions below, it is appropriate to include the proposed additional public sector IG and IE topics: (i) definitions; (ii) climate-related public policy programs – strategy; (iii) climate-related public policy programs – metrics and targets; (iv) transition.	BC99
	12. Subject to the instructions below, the proposed questions, outline, and responses for the additional IG and IE topics were appropriate.	BC99
June 2024	13. Subject to the instructions above, it is appropriate that the scope of reporting for public policy programs should be limited to those policies that are explicitly designed to address climate.	BC16
	14. Subject to the instructions above, the instructions from the IPSASB May check-in meeting were appropriately addressed.	N/A
	15. Subject to the instructions above, the principles and guidance for disclosing greenhouse gas emissions of climate-related public policy programs through an estimated amount of change, is appropriate.	BC70
	16. It is appropriate to adopt a principled approach in allowing entities to determine what other metrics to disclose relating to public policy programs.	BC69-70
	17. Subject to the instructions above, it is appropriate to (i) align disclosure requirements relating to GHG emissions for an entity's own operations with IFRS S2, except for requiring the use of the GHG Protocol Corporate Accounting and Reporting standard, and (ii) including a rebuttable presumption that public sector entities report using the GHG Protocol Corporate Accounting and Reporting standard.	BC52
	18. Entities should report material Scope 3 emissions relating to their own operations.	BC55

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	19. Private sector industry-based guidance should be used as an optional reference for industry-based metrics.	BC60
	20. Internal carbon price is appropriate for the public sector, both within own operations and for setting strategy for climate-related public policy programs.	BC59
	21. Subject to the instructions above, the transitional provisions to (i) exclude comparative information, (ii) exclude Scope 3 GHG emissions disclosures and (iii) report climate-related disclosures after publication of the entity's financial statements in the first annual reporting period, are appropriate.	BC75
	22. It is appropriate to align with IFRS S1 guidance on (i) location of disclosures, (ii) comparative information, (iii) compliance, and (iv) judgments.	BC83
	23. Subject to the instructions above, the guidance on (i) timing of reporting, (ii) measurement uncertainty, (iii) errors, and (iv) sources of guidance, are appropriate.	BC83-75
March 2024	1. Subject to the instructions from March 2024, a key objective and aim of public sector Climate-related Disclosures is to provide disclosures of climate-related information to support decision making and accountability of entity's contribution to the latest international agreements and jurisdictional commitments to combat climate change.	BC19-21
	2. Subject to the instructions from March 2024, a key difference for public sector reporting that requires additional guidance is the public sector's ability to influence other entities, including other economic sectors, through its policy setting and regulatory activities, including impacts on the economy, environment and people of its policies.	BC5-11

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	3. Subject to review of the draft ED, governance, strategy and risk management disclosures may be aligned with IFRS S2 for an entity's own operations, however, additional disclosures are required for an entity's policy setting activities, as applicable.	BC12-17
December 2023	1. Subject to the instructions above, the objective of public sector Climate-related Disclosures is to provide principles for disclosures of information on climate-related impacts, risks and opportunities to support decision making and accountability of entity's contribution to combat climate change.	BC19-38
	2. Subject to the instructions above, the guidance for identifying information for disclosures, including (i) understanding the entity's context, (ii) identifying climate-related impacts, risks and opportunities and (iii) determining material information, is appropriate.	BC92-BC95
	3. The definition of materiality as per the IPSASB Conceptual Framework should be used for climate-related disclosures.	BC79
September 2023	1. The Board decided that Climate-related Disclosures should be developed based on the process including: <ul style="list-style-type: none"> building off of IFRS S2 and GRI climate-related topic standards, leveraging sustainability expertise through the IPSASB's education sessions, and drawing on the discussions in the IPSASB Sustainability Reference Group and the Climate Topic Working Group. 	BC13
	2. The Board decided that the terms and definitions recommended for operational model, GPFRs, primary users of GPFRs, and reporting entity, were appropriate subject to refinement to reflect its instructions.	N/A
June 2023	1. The Board decided unanimously to move forward with the development of guidance on Climate-related Disclosures.	N/A
	2. The Board decided that sustainability reporting pronouncements should be issued as authoritative standards that should be separate from the current suite of IPSAS.	N/A

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	3. The Board approved the Climate-related disclosures project brief by a vote.	N/A
March 2023	1. The Board decided to move forward with scoping the potential initial sustainability reporting projects using a framework based on: <ul style="list-style-type: none"> • Consultation Paper on Advancing Public Sector Sustainability Reporting Guidance and feedback received from constituents; • IPSASB Conceptual Framework as it relates to objectives, users and information needs; • IFRS Sustainability Standards; and • GRI Standards. 	N/A
December 2022	1. The Board decided to commence scoping and research work on potential public sector sustainability reporting projects pending securing the resources needed to begin guidance development.	N/A
March 2022	1. All instructions provided up until March 2022 were reflected in the Consultation Paper on Advancing Public Sector Sustainability Reporting	N/A

SUSTAINABILITY REPORTING PROJECT ROADMAP

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

Project Management Process and Next Steps

Purpose

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

Background

2. At the August 2024 check-in meeting, the Board focused on:
 - (a) Reviewing staff recommendations to address instructions from the July check-in meeting;
 - (b) Performing a section-by-section review of the draft ED to raise comments on specific sections of the draft ED;
 - (c) Reviewing the annotated draft IGs and IEs, which reflect those agreed upon by the Board at the July 2024 check-in meeting.
4. Following the check-in meeting, staff worked closely with those Board members who had raised most comments during the check-in meeting, and who agreed to act as 'issue owners' in the September meeting after helping to finalize recommendations on the key issues ([Agenda Items 5.2.2 – 5.2.4](#)) to address Board comments and instructions.
5. All Board instructions from the August 2024 check-in meeting and staff actions to address those instructions are summarized in [Agenda Item 1.1.2](#).
6. In addition, in preparation for final approval of the draft ED in September, staff have:
 - (a) Performed a cross-check against IFRS S1 and S2 for completeness and to ensure alignment and adaptations have been captured as intended;
 - (b) Met twice with ISSB members to discuss feedback and comments on the draft ED; and
 - (c) Updated cross-references and formatting to support review and finalization of the draft ED.

September Board Meeting

7. At the September Board meeting, the IPSASB will:
 - (a) Review papers setting out staff recommendations to address key issues from the August check-in meeting, specifically:
 - (i) Revisions to the "principal vs. agent" concepts to clarify which entities are required to provide disclosures about climate-related public policy programs ([Agenda Item 5.2.2](#));
 - (ii) Clarification of "own operations" and "value chain" ([Agenda Item 5.2.3](#));
 - (iii) Revisions to the terminology and disclosures about "risks and opportunities to climate-related public policy programs and their outcomes" ([Agenda Item 5.2.4](#));

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- (b) Perform a section-by-section review of the updated draft ED ([Agenda 5.3.1](#));
 - (c) Review the proposed Specific Matters for Comment ([Agenda Item 5.2.5](#)); and
 - (d) Vote on the approval of the draft ED ([Agenda Item 5.2.6](#)).
8. Board plenary time for the climate-related disclosures project ([Agenda Item 5](#)) at the September meeting will be divided across two days (Tuesday September 17 and Wednesday September 18).
9. On Wednesday September 18, task force meeting time will also be used as a drafting session where Board members, especially those who provide comments and instructions during the plenary, are encouraged to participate to collaborate directly with staff to ensure the satisfactory resolution of issues in finalizing the draft ED for public consultation.

Next Steps

10. If the Board approves the draft ED, staff will work with an editorial group in the normal way in preparation to publish the draft ED.
11. Along with publication of the draft ED, staff will prepare supporting communication materials including the “At-A-Glance” document and videos.
12. Staff and Board members will engage with constituents and stakeholders to seek feedback on the ED through various events, including:
- (a) Regional Roundtables in 2024 (Latin America, Middle East North Africa and in Asia) and 2025 (Africa – English and French speaking, and Europe); and
 - (b) Other specific communities and conferences:
 - (i) Investor community, including through a workshop at UN PRI in Person;
 - (ii) Indigenous communities, including through meeting with the Canadian Public Sector Accounting Board’s Indigenous Advisory Group; and
 - (iii) Public sector audit community, including at ACCA public sector conference and CPA Canada Public Sector conference.
13. Staff anticipate the draft ED and supporting materials will be finalized for late October in time for the planned launch at the World Bank Annual Meetings.

Responsibility for Climate-related Public Policy Programs

Question

1. Does the IPSASB agree with the recommendations to clarify which entities are required to provide disclosures about climate-related public policy programs and their outcomes?

Recommendation

2. Staff recommend that entities with responsibility for climate-related public policy programs should provide disclosures about climate-related public policy programs and their outcomes.
3. To clarify this, staff recommend the following updates to the draft ED:
 - (a) Updating the objective and scope sections of the core text, including the flow chart, to state that climate-related public policy program disclosures are relevant to entities with responsibility for climate-related public policy programs;
 - (b) Revising relevant paragraphs of Application Guidance 2 – Climate-related Public Policy Programs to provide guidance on who has responsibility for climate-related public policy programs; and
 - (c) Updating the Basis for Conclusions to reflect Board decisions and discussions; and
 - (d) Adding Implementation Guidance and Illustrative Examples to illustrate the principle.

Background

4. At the August 2024 optional check-in meeting, IPSASB members instructed staff to:
 - (a) Revise the guidance relating to which entities provide disclosures about climate-related public policy programs (e.g. remove principal vs. agent guidance and consider requirement for entities with responsibility and accountability for outcomes of climate-related public policy programs), including IG3;
 - (b) Revise flowchart in paragraph 3 to remove term “principal” and revise to be consistent with instruction above.
5. Following the August check-in meeting, staff worked closely with Board members, including the Board ‘issue owner’, Andrew van der Burgh, on these issues to develop the proposed recommendations.
6. The following paper provides analysis supporting the recommendations and should be read together with the proposed changes to relevant sections of the draft ED in Appendix 1 below as well as [Agenda Item 5.2.3](#).

Analysis

7. At the August check-in meeting, Board members raised concerns with the use of the terms “principal” and applying the IPSAS 35 concepts of “principal vs. agent” used for determining control for financial reporting to determining the “policy setter” vs. “delivery agent”. Board members instructed staff to consider removing these terms and concepts such that the disclosures should be provided by entities responsible and accountable for the outcomes of the climate-related public policy programs.

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8. Staff reflected on this and discussed with some Board members, including the Board 'issue owner', to clarify that disclosures about climate-related public policy programs should be provided by entities with responsibility for such programs.
9. Responsibility for climate-related public policy programs may be across one or more entities. Therefore, each entity should provide disclosures about its area of responsibility. For example, an entity charged with executing or managing a policy developed by another entity would provide disclosures about the climate-related public policy program that is relevant to its role and responsibility for the public policy program.
10. In this way, despite the challenges and complexity of different structures for policy making and implementation across jurisdictions, the disclosures across entities with various responsibilities for the climate-related public policy program would be complementary and provide primary users with the information about climate-related public policy programs.
11. To support this assessment of determining who has responsibility for providing disclosures about climate-related public policy programs, staff recommend:
 - (a) Providing factors that may indicate responsibility for climate-related public policy programs in Application Guidance 2 – Climate-related Public Policy Programs;
 - (b) Updating the Basis for Conclusions to clarify the Board's intention and decisions on how entities should report on their areas of responsibility; and
 - (c) Adding Implementation Guidance and an Illustrative Example to illustrate this principle.

Decisions Required

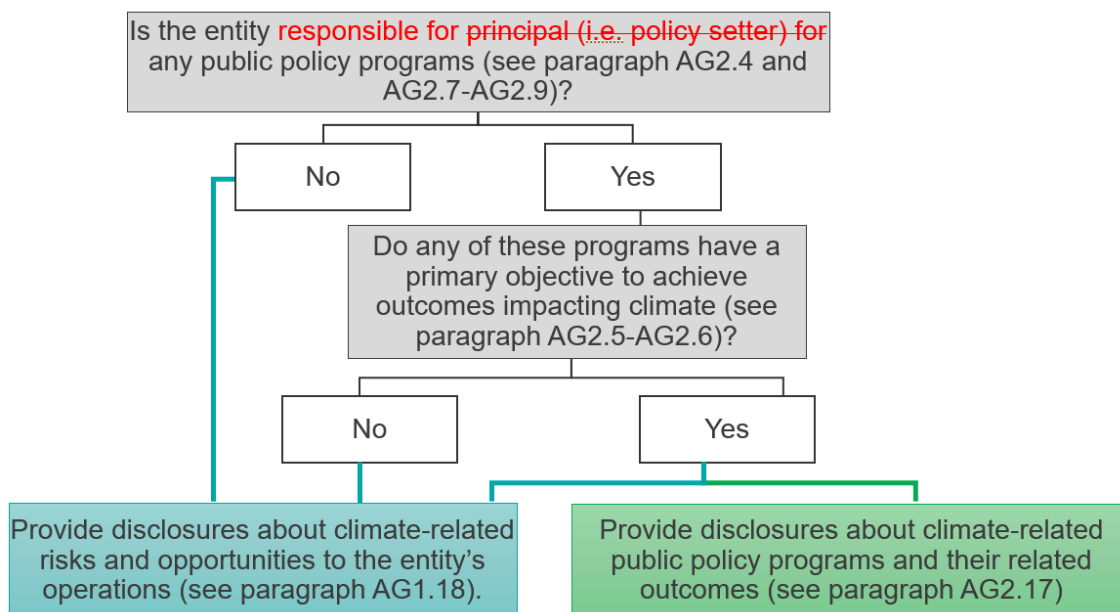
12. Does the IPSASB agree with the [recommendations](#)?

Appendix 1 – Proposed Draft ED changes

Following are extracts of all paragraphs in the Core text, Application Guidance, Basis for Conclusions and Non-authoritative Guidance that are related to clarifying responsibility for climate-related public policy program disclosures. Track changes reflect the proposed drafting updates to reflect the approach described in [Agenda Item 5.2.2](#).

Core Text

16. This [draft] Standard requires an entity to disclose material information about:
- (a) The climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity, including the long-term sustainability of the services and/or programs it delivers (for the purposes of this [draft] Standard, these are collectively referred to as ~~“climate-related risks and opportunities to an entity’s own operations”~~); and
 - (b) Where an entity has responsibility for a climate-related public policy ~~programs~~program, the outcomes that could reasonably be ~~expected as a result of~~attributed to these, including their effects on society, the environment and economy.
17. **An entity shall apply this [draft] Standard in reporting on:**
- (a) **Climate-related risks to which an entity is exposed, including but not limited to physical risks and transition risks;**
 - (b) **Climate-related opportunities available to the entity; and**
 - (c) **Where an entity has responsibility for a climate-related public policy ~~programs~~program, the outcomes from ~~those that~~ climate-related public policy ~~programs~~program.**



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4. As illustrated by the flow chart (see paragraph 3), disclosure requirements relating to climate-related risks and opportunities to an entity's own operations are expected to be applicable for all entities ~~while disclosures related to~~ Disclosures about climate-related public policy programs and their ~~related outcomes will only~~ relates to be applicable for those entities that are ~~principal (i.e. policy setter) responsible~~ for such ~~policy~~ programs (see paragraphs AG2.7-AG2.9 Entities may refer to the flow chart to guide them on the relevant application guidance.)

Appendix A1: Application Guidance – Own Operations

AG1.17. Therefore, public sector entities may face ~~heightened risks to~~ particular challenges in managing climate-related risks and opportunities and delivering their mandates such as:

- (a) Policy ~~activity~~ leadership risk – ~~such as~~ the risk of inconsistent strategies across levels of government to achieve net zero or insufficient funding or support for entities to implement policies;
- (b) Accountability risk – ~~such as unclear~~ the lack of clear roles and responsibilities on how entities contribute to regional, national or subnational climate commitments and targets; or
- (c) Coordination and delivery risk – ~~such as~~ the failure to collaborate effectively across entities responsible for public policy ~~setters and implementers~~ programs to address system-wide challenges.

Appendix A2: Application Guidance – Climate-related Public Policy Programs

Scope (see paragraphs 3–6)

AG2.21. Paragraph 17 requires disclosures about the climate-related risks and opportunities to an entity's own operations and disclosures about climate-related public policy programs and their ~~intended~~ outcomes.

AG2.22. Appendix A2: Application Guidance – Climate-Related Public Policy Programs ~~This Appendix A2: Application Guidance – Climate-Related Public Policy Programs~~ provides requirements and guidance ~~in relation to~~ for climate-related public policy programs and their ~~intended~~ outcomes.

AG2.23. These requirements and guidance are required for all public sector entities that are ~~the principal (i.e. policy setter) of~~ responsible for a climate-related public policy ~~programs~~ program to provide information to primary users to enable decision-making and holding entities accountable to the climate-related public policy programs ~~that for which~~ they ~~set~~ are responsible.

...

~~Responsibility for Climate-related Public Policy Programs – Decision-Making rights for Public Policy Programs – Policy Setter versus Delivery Agent~~

~~AG2.7—The disclosures required in this [draft] Standard about climate-related public policy programs are required by entities with responsibility for a climate-related public policy program.~~

AG2.7

AG2.8 An entity shall consider all facts and circumstances when assessing whether it has responsibility for a climate-related public policy program. Factors that may indicate that an entity has such responsibility include:

- a. Legislation that states that the entity is responsible for the climate-related public policy program;
- b. Responsibility for the design of the climate-related public policy program;
- c. Responsibility for implementing and/or monitoring the climate-related public policy program; or
- d. Accountability for the consequences of not achieving the outcomes, including ability to make decisions about changes to the policy, or introduction of new policy to achieve the outcomes.

AG2.8AG2.9 The processes to design, implement, and monitor public policy programs may vary across jurisdictions, programs, departments, etc. and often involve different public sector entities. Entities should provide disclosures related to their area of responsibility for a climate related public policy program. For instance, an entity may design a climate-related policy, but another entity may have responsibility for implementing the climate-related public policy program – each entity should provide disclosures related to its area of responsibility. Entities will need to exercise judgment to determine which disclosures to provide based on its responsibility for the climate-related public policy program.

~~AG2.7 It is common for public sector entities to be responsible for carrying out a government's overall policy. An entity with decision-making rights for a public policy program shall determine whether it is a principal or an agent (i.e. a policy setter or a delivery agent). In some cases, entities may have the authority to act in their own right, in other cases they may act as an agent for another entity. For example:-~~

~~AG2.8 A government department, which is authorized by another public sector entity to act on the other entity's behalf, might act solely as an agent of the responsible public sector entity in relation to another entity. In such cases the department would not control the other entity's public policy programs; or~~

~~AG2.9 A government department may operate under a delegation of power from another public sector entity. The department uses its own discretion in making decisions and taking actions and is not subject to direction from the other entity. In such cases the department is acting in its own right and would need to consider other factors such as the scope of decision-making authority and discretion the entity has to determine whether it is acting as an agent or principle for the public policy programs.~~

~~AG2.10 An entity shall also determine whether another entity with decision-making rights is acting as an agent for the entity. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the public policy program~~

~~when it exercises its decision-making authority. Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal.~~

~~AG2.11 An entity that is the policy setter for climate-related public policy programs shall provide climate-related disclosures in accordance with this [(draft)] Standard (see paragraph AG2.19).~~

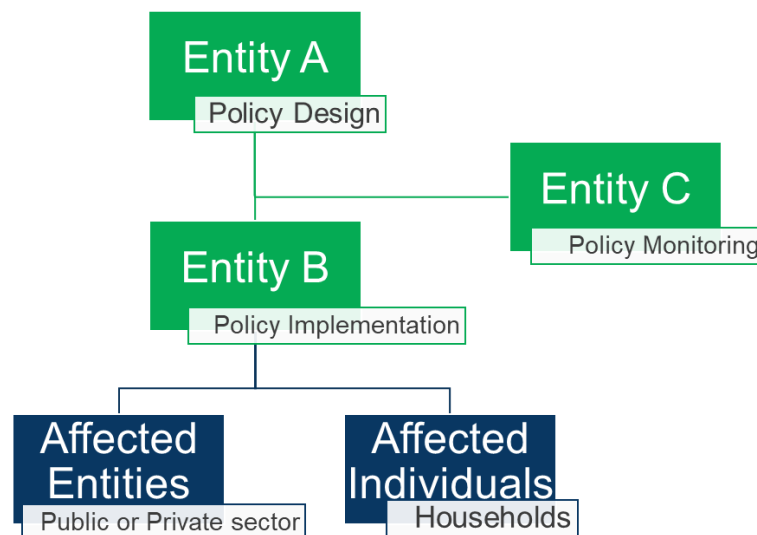
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AG2.17. ~~An entity that is the policy setter~~An entity that has responsibility for climate-related public policy programs shall provide climate-related disclosures to enable primary users of general purpose financial reports to understand the entity's:

Basis for Conclusions

Responsibility for Climate-related Public Policy Programs~~Policy setter versus delivery agent~~

- BC.45 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 with regards to a policy as illustrated below.
- BC.46 Each different entity (illustrated in green) may have some responsibility for a climate-related public policy program. Each of these entities would need consider its responsibilities towards the climate-related public policy program and its outcomes in determining which disclosures it would need to prepare.



BC.47 Given that the 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, the IPSASB decided that entities involved in the public policy program process should be required to provide the disclosures about climate-related public policy programs based on their context and extent of responsibilities in relation to the policy program. As a result, despite the complexity of different structures, the disclosures across entities would be expected to complement

each other and provide primary users with a complete picture of climate-related public policy programs, including reporting on governance, strategy, financial implications and greenhouse gas emissions, providing transparency and accountability for these programs.

~~BC.47~~BC.48 The IPSASB recognized that there may be complexities and judgment needed in determining which entity is the policy setter, an entity's responsibility for a public policy program and what disclosures would be required based on the entity's role and responsibilities. However, given the diversity of structures to develop and implement climate-related public policy programs across jurisdictions, the IPSASB could not provide prescriptive guidance and decided additional implementation guidance and illustrative examples may support preparers in this assessment.

~~BC.48—Therefore, it was decided that the guidance on determining whether an entity is principal or agent in IPSAS 35, *Consolidated Financial Statements*, could be used to support preparers in this assessment—specifically in considering factors such as its scope of decision-making authority over the entity and the rights held by other entities.~~

Implementation Guidance

IG3. How does an entity determine whether it is responsible for climate-related public policy programs~~a policy setter or a delivery agent~~?

A: An entity will need to exercise judgment to determine whether or not it is responsible for a climate-related public policy program. In doing this, the entity should consider all facts and circumstances and may consider factors such as whether there is legislation that states that the entity is responsible for the public policy program, whether the entity has responsibility for decision-making in designing and development of the public policy program or making changes to the program post-implementation, or whether the entity has responsibility for implementation and/or monitoring of a program. Not all factors are needed for an entity to have responsibility for the climate-related public policy program. Where an entity has responsibility, in part or whole, for a climate-related public policy program, the entity will need to exercise judgment in determining what information is material for disclosure in relation to its responsibility for the climate-related public policy program and its outcomes.

~~A policy setter shall consider the overall relationship between itself, the other entity being managed and other parties involved with that entity. In particular, in determining whether it is an agent, a decision maker shall consider factors including the scope of its decision-making authority over the other entity and the rights held by other parties (paragraphs AG2.7–AG2.8).~~

~~An entity may delegate its decision-making authority in relation to a public policy program to a delivery agent on some specific issues. When assessing whether it is the policy setter for a public policy program, the entity shall treat the decision-making rights delegated to its delivery agent as held by the entity directly.~~

~~Entities may consider guidance on determination of principal versus agent and decision-making rights in IPSAS 35 in the context of public policy programs when making this determination.~~

~~In some cases, entities may jointly lead on public policy programs, and therefore there may be more than one policy setter.~~

IG4. Does a subnational government have responsibility for climate-related commitments set at a national level?

A: It depends. An entity will need to exercise judgment to determine whether or not it is responsible for a climate-related public policy program contributing to national climate commitments.

For example, a national government may have national climate commitments for the jurisdiction and provides funding for its climate-related policies to a subnational government to implement a climate-related public policy program. Though the subnational government does not have national level sovereign powers, it may have responsibility for designing and implementing climate public policies for its own jurisdiction, and must assess whether it is responsible, in part or in whole, for the climate-related public policy program delegated by the national government.

IG5. Can an entity provide disclosures about public policy programs and related outcomes if its primary objective is not to address climate change?

A: Yes, entities have the discretion to provide disclosures regarding these public policy programs and their outcomes, even if their primary purpose does not involve addressing outcomes impacting climate. However, that is not required under this Standard.

IG9. ~~Do the entity's greenhouse gas emissions from its climate-related public policy programs include~~ Are the emissions resulting from its policy design, implementation and/or monitoring activities included in the measurement of the change in greenhouse gas emissions resulting from climate-related public policy programs?

A: No. Metrics relating to climate-related public policy programs, such as greenhouse gas emissions, are designed to capture outcomes of the program itself. The entity's own emissions from designing, implementing and/or monitoring such programs through its operational model and value chain, are disclosed as part of the entity's own operations reporting.

Illustrative Examples

Responsibility for Climate-related Public Policy Programs

IE32. The following example illustrates assessments of whether an entity has the responsibility for a climate-related public policy program for the purposes of this [draft] Standard.

Example 5 – Compliance with a Climate-related Public Policy Program

IE33. The Ministry of the Environment designs a broad climate-related public policy to reach net zero greenhouse gas emissions by 2050 and designs programs to achieve this intended outcome. One of the climate-related public policy programs requires other public sector entities to transition to electric vehicles. As a result, the Ministry of Transport converts its fleet of buses to electric vehicles.

IE34. The Ministry of Transport determines, based on paragraphs AG2.7-AG2.9, that it does not have responsibility for this climate-related public policy program. The Ministry of Transport would include reporting about its own operations, including the replacement of diesel buses to electric buses, as part disclosures related to its own operations.

IE35. The Ministry of the Environment determines that it has the responsibility and accountability for the broad climate-related public policy program, including the program to transition public sector entity vehicles to electric vehicles, and provides disclosures about these programs and their outcomes.

Example 6 – Design and Implementation of a Climate-related Public Policy Program

IE36. The Ministry of the Environment designs a broad climate-related public policy to reach net zero greenhouse gas emissions by 2050. It determines that transportation is a major contributor to greenhouse gas emissions in its jurisdiction and delegates responsibility to reduce transport-related emissions to the Ministry of Transport.

IE37. The Ministry of Transport receives funding from the Ministry of the Environment and is responsible for designing and developing programs to reduce transport-related emissions. It designs and implements a program to install a network of electric vehicle charging stations across its highway and road systems.

IE38. The Ministry of Transport determines, based on paragraphs AG2.7-AG2.9, that it has responsibility and accountability for the outcomes of the climate-related public policy program for electric vehicle charging stations. The Ministry of Transport would provide relevant public policy program disclosures about its responsibilities for designing and implementing the program that contributes to the broader climate-related policy designed by the Ministry of the Environment.

~~IE32.~~IE39. The Ministry of the Environment determines that it has the responsibility and provides disclosures for the broader climate-related public policy programs.

Identifying reasonably attributable outcomes from climate-related public policy activities

IE40. An entity determines, based on IG2, that its home insulation subsidy program is a climate-related public policy program within the scope of disclosure of the [draft] Standard. To identify climate-related public policy program outcomes, the entity applies materiality in determining information for disclosure (see paragraphs B8–B10). In addition, the entity refers to 7, which provides a definition on public policy program outcomes, which are impacts on the economy, environment and people, and occur as a result of, or are reasonably attributable to the public policy program.

IE41. The entity identified several material outcomes related to the policy program:

- (a) Reduced electricity use, as the subsidy incentivizes consumers to purchase and install more insulation, which is expected to reduce natural gas and electricity use in homes, thereby reducing GHG emissions;
- (b) Increase in disposable income due to savings from reduced electricity bills to heat homes, leading to increased GHG emissions from additional consumed goods;
- (c) Increased emissions from insulation manufacturing when businesses produce more insulation, leading to increased GHG emissions;
- (d) Future development of insulation material standards due to growing prevalence of home insulation; and
- (e) Decrease in public healthcare spending due to reduction in respiratory diseases from GHG emissions.

- IE42. The entity first considered which of these material outcomes are impacts on the economy, environment and people. The entity concluded that IE41(d) is an operational change on the industry, rather than an impact on the economy, environment, and people, therefore decided not to include this outcome in their disclosures.
- IE43. Next, the entity considered which of these material outcomes that have an impact on the economy, environment and people, are reasonably attributable. The entity concluded, through its own analysis, that it is difficult to reasonably estimate and attribute IE41(b), IE41(c), and IE41(e), and therefore excluded it from forming part of their disclosures. ~~Therefore, the entity identified three outcomes to disclose for this specific policy.~~
- IE44. Therefore, the entity ~~has co~~included that IE41(a), reduced electricity use, is with-in the disclosure boundary as it is expected to be a material and reasonably attributable outcome of the public policy program.

Greenhouse gas emissions from climate-related public policy programs

- IE45. Paragraph 26(a) requires entities to disclose the amount and approach to estimating greenhouse gas emissions resulting from policy program. An entity may use its own approach, aligning with the framework provided in paragraphs AG2.36–AG2.37. Paragraphs IE46–IE50 demonstrate an approach an entity could take to estimate a change in emissions resulting from a policy program.
- IE46. An entity carries out the exercise in Paragraphs IE40–IE44 to identify reasonably attributable outcomes to estimate its greenhouse gas emissions from the home insulation subsidy program.
- IE47. The entity defines a baseline scenario for its climate-related public policy program (see paragraph AG2.37(a)). The baseline scenario is assumed to be the continuation of historical residential energy consumption trends, dependent on projected changes in household income and current rates of home insulation, absent the subsidy. The entity estimates baseline emissions from natural gas use using the following methodology:
- (a) Baseline emissions for household natural gas combustion (t CO₂e/year) = historical natural gas use (MMBtu/year) × (1+ % change in GDP) × baseline emission factor (t CO₂e/MMBtu);
 - (b) The estimated values of the parameters in this equation are assumed to be:
 - (i) Average annual historical natural gas use (1,000,000 MMBtu/year);
 - (ii) Average annual change in GDP (2%); and
 - (iii) Baseline emission factor (0.2 t CO₂e/MMBtu)
 - (c) Baseline emissions in a given year are calculated as: 1,000,000 MMBtu/year × 1.02 × 0.2 t CO₂e/ MMBtu = 204,000 t CO₂e/year.
- IE48. The entity defines a policy scenario in the presence of the climate-related public policy program activity (see paragraph AG102(b)), determining that a forward-looking estimation greenhouse gas emissions is appropriate for this policy, which is yet to be implemented (see paragraph AG104(a)). To estimate policy scenario emissions, the same emissions estimation methodology is used, but the assumed parameter values in the policy scenario are different:

(a) Policy scenario emissions for household natural gas combustion (t CO₂e) = policy scenario natural gas use (MMBtu/year) × policy scenario emission factor (t CO₂e/MMBtu).

- IE49. Policy scenario natural gas use is estimated to be 910,000 MMBtu/year, a reduction from the baseline scenario of 1,000,000 MMBtu/year. The entity made this estimation based on the assumption that 30% of households will install insulation as a result of the subsidy. The entity also assumed that the insulation will reduce household natural gas use by 30%. Overall, the climate-related public policy program will lead to a 9% reduction (30%× 30%) in residential natural gas use. The policy scenario emission factor is assumed to be the same as in the baseline scenario (0.2 t CO₂e/MMBtu), since the policy does not affect the emissions intensity of natural gas.

Policy scenario emissions in a given year are calculated as: 910,000 MMBtu/year × 0.2 t CO₂e/MMBtu = 182,000 t CO₂e/year.

- IE50. The entity took a forward-looking approach to assess and estimate the outcomes, which is a GHG effect resulting from implementing a home insulation subsidy. From the policy program, the entity estimated a reduction of 22,000 t CO₂e/year in the same year (policy scenario emissions of 182,000 – baseline emissions of 204,000).

Own Operations and Value Chain

Question

1. Does the IPSASB agree with the recommendations to clarify “own operations” and “value chain”?

Recommendation

2. Staff recommend providing clarification to “own operations” and “value chain” by:
 - (a) Updating definitions for “own operations” and “value chain”;
 - (b) Revising relevant paragraphs of Application Guidance 1 – Own Operations to clarify integration of “operational model” in “own operations” and the principles of Scope 3 value chain emissions excluded from an entity’s own operations; and
 - (c) Updating Basis for Conclusions to reflect Board decisions and discussions; and
 - (d) Adding Implementation Guidance and Illustrative Examples to illustrate the principles behind “value chain”.

Background

3. At the August 2024 optional check-in meeting, IPSASB members instructed staff to
 - (a) revisit the definition for ‘own operations’, considering the connection with “operational model” and “value chain”; and
 - (b) review the definition of “value chain” to clarify which entities or individuals are excluded – rather than those that are implementing or executing (e.g. other public sector entities), but those that are affected (e.g. households, private sector entities) and consider updates to BC33 and BC34.
4. Following the August check-in meeting, staff worked closely with Board members, including the Board ‘issue owner’, Renee Pichard, on these issues to develop the proposed recommendations.
5. The following paper provides analysis supporting the recommendations and should be read together with the proposed changes to relevant sections of the draft ED in Appendix 1 below as well as [Agenda Item 5.2.2](#).

Analysis

Definition of “own operations”

6. At the August check-in meeting, Board members noted that the S2-aligned definitions for “operational model” captured important concepts connected to inputs, outputs, outcomes and objective and strategy development and the relationship to “value chain”. However, Board members expressed concern that these were not reflected in or connected to the proposed definition of “own operations”.
7. Further, Board members added that clarification was needed around the exclusion of public policy programs from “own operations”.
8. Staff recommend these issues can be addressed by updating the definition of “own operations” to:
 - (a) Include the term “operational model” in the definition of “own operations”; and

- (b) Clarify that “outcomes of public policy programs” are excluded from reporting on “own operations”.

Own operations include all of the activities ~~in an entity’s operational model of an entity ranging from service delivery to policy setting~~, other than the outcomes of public policy programs and their intended outcomes.

9. Staff recommend reflecting these changes throughout relevant paragraphs of Application Guidance 1 – Own Operations and clarifying this intention in the Basis for Conclusions. See proposed updates to the draft ED in Appendix 1.

Clarification of “value chain”

10. At the August check-in meeting, Board members discussed further clarifications around what is included or excluded from an entity’s value chain relating to its own operations, including what emissions an entity that has responsibility for climate-related public policy programs would include in reporting on its own operations.
11. Staff reflected on this and discussed with some Board members, including the Board issue owner, to clarify that the value chain for reporting on greenhouse gas emissions from an entity’s own operations (i.e. Scope 3 emissions) should exclude the effects of public policy programs on other entities and/or individuals.
12. Staff noted that the concept of “value chain” applies to various aspects of reporting on an entity’s own operations, including identifying climate-related risks and opportunities throughout the entity’s value chain. Staff and Board members acknowledged that public policy programs and an entity’s own operations are interrelated, and an entity’s responsibility for public policy programs may impact other areas of disclosure about an entity’s own operations.
13. Staff also noted exclusions of public policy programs from the value chain of an entity’s own operations is relevant in relation to disclosures about an entity’s Scope 3 greenhouse gas emissions. For example:
- (a) An entity that is only responsible for policy design would exclude emissions from all downstream entities and/or individuals affected by the public policy program; and
- (b) An entity charged with implementing or managing a public policy program developed by another entity would exclude the emissions from the other entity that designed the public policy program and any other downstream entities or individuals that are affected by the public policy program.
14. To provide clarity that disclosure of an entity’s Scope 3 emissions from its own operations excludes upstream and downstream emissions relating to public policy programs, staff recommend:
- (a) Removing the previously proposed exclusion of public policy programs from the definition of “value chain”, aligning with the definition in IFRS S2;
- (b) Providing additional clarity in Application Guidance 1 – Own Operations as part Metrics and Scope 3 greenhouse gas emissions;

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- (c) Updating Basis for Conclusions to clarify the Board's intention and decisions to limit Scope 3 value chain emissions for reporting on an entity's own operations; and
- (d) Adding Implementation Guidance and an Illustrative Example to illustrate this principle.

Decisions Required

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

Appendix 1 – Proposed Draft ED changes

Following are extracts of all paragraphs in the Core text, Application Guidance, Basis for Conclusions and Non-authoritative Guidance that are related to clarifying “own operations” and “value chain”. Track changes reflect the proposed drafting updates to reflect the approach described in [Agenda Item 5.2.3](#).

Core Text

An **operational model** is an entity’s system of transforming inputs through its activities into outputs and outcomes that aims to fulfill the entity’s objectives.

Own operations include all of the activities in an entity’s operational model, other than the outcomes of public policy programs.

A reporting entity’s **value chain** refers to the full range of interactions, resources and relationships related to a reporting entity’s operational model and the external environment in which it operates, including other public sector entities.

A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its goods or provide services from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in the entity’s operations, such as human resources; those along its supply and distribution channels, such as materials and service sourcing, and service and/or product delivery; and the financing, geographical, geopolitical and regulatory environments in which the entity operates. ~~For purposes of this [draft] Standard, an entity’s value chain does not include the activities of other entities and/or individuals in implementing its public policy programs.~~

Appendix A1: Application Guidance – Own Operations

Entity’s own operations

AG1.3 Public sector entities provide a broad range of ~~essential~~ services for service recipients in the public interest, ~~across a spectrum of service delivery regulation and policy setting functions. At one end of the spectrum, typically more centralized entities develop public policy programs. At the other, typically less centralized entities deliver services and implement policies, often developed by others. This broad range of functions by various public sector entities may include:~~including:

~~Public policy program advice and management;~~

- (a) Service design and delivery;
- (d) Information and education;
- (e) Compliance and enforcement; ~~and~~
- (f) Monitoring and evaluation; ~~;~~ and

(g) Public policy program advice, design, implementation and monitoring.

- AG1.4 There may be instances where these ~~activities~~~~functions~~ overlap. In other cases, there may be further complications, where a public sector entity has ~~functions~~~~activities relating to across~~ multiple areas such as buildings and energy, with differing roles and responsibilities across policy domains.
- AG1.5 Many public sector entities have their ~~activities~~~~functions~~, ~~objectives~~/mandates and authority prescribed by statute. This limits the entity's own ability to alter its ~~functions~~~~activities~~, ~~objectives~~ and/or mandate, and may require coordination with other public sector entities and decision-makers to achieve change.
- AG1.6 ~~Generally, more centralized entities develop public policy programs and less centralized entities deliver services and implement policies, which are often developed by others. Entities with responsibility for public policy programs would include their own activities in reporting on their own operations while information about the climate-related public policy program and their outcomes would be reported in accordance with the principles in Appendix A2 – Application Guidance – Climate-related Public Policy Programs. For the purposes of this [draft] Standard, an entity's own operations include all of its activities, including service delivery and setting and monitoring policy programs. However, reporting on an entity's own operations does not include disclosure requirements in relation to the achieving the intended outcomes of public policy programs themselves. For such disclosures, an entity would refer to those in paragraph Appendix A2: Application Guidance 2 (see paragraphs AG2.4–AG2.52).~~

Climate-related risks and opportunities to an entity's own operations

- AG1.7 Climate-related risks and opportunities can materialize through any of the ~~functions~~~~activities of for~~ a public sector entity, ~~including service delivery and responsibilities for public policy programs~~. Disclosures about climate-related risks and opportunities to an entity's own operations should be guided by the information needs of its primary users which would reflect the entity's context, its public interest mandate and responsibilities. ~~See Appendix B (see paragraphs B.AG1–B.AG56–).~~
- AG1.8 Identification of climate-related risks and opportunities inform an entity's response to such risks and opportunities in the context of ensuring its long-term fiscal sustainability. Long-term fiscal sustainability includes an entity's continued ability to ~~fulfill its objectives, including to~~ meet its service commitments, and is dependent on the capacity and vulnerability of its services, revenues and debts.
- AG1.18. ...
- AG1.13 An entity's climate-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy, and the natural environment throughout the entity's value chain. These interactions, which can be direct and indirect – result from an entity's operations in pursuit of its objectives and from the external environment in which the entity operates. These interactions take place within an interdependent system in which an entity both depends on resources and relationships throughout its value chain and affects those resources and relationships through its activities—contributing to the preservation, regeneration and development of those resources and relationships or to their degradation and depletion. These dependencies

and impacts may give rise to climate-related risks and opportunities that could reasonably be expected to affect an entity's long-term fiscal sustainability.

AG1.14 Resources and relationships that an entity depends on and affects by its activities and outputs can take various forms, such as natural, manufactured, intellectual, human, social or financial. They can be internal—such as the entity's workforce, its know-how or its organizational processes—or they can be external—such as funding and services the entity needs to access or the relationships it has with resource providers, distributors and beneficiaries. Furthermore, resources and relationships include, but are not limited to, the resources and relationships recognized as assets in the entity's financial statements.

AG1.15 In applying this [draft] Standard and understanding its climate-related risks and opportunities, it is important that an entity consider other entities along its value chain, which may give rise to climate-related risks and opportunities for the entity itself. public sector entities focus on other public, and in some cases private sector entities, that exist in their value chain. This is because other entities may be the key means through which risk is expected to materialize for that entity, such as a tax department expecting a significant increase in demand for their policy advisory and service delivery functions in order to realize revenue from the adoption of new technologies, such as electric vehicles. Alternatively, a financial markets regulator may expect risk to materialize through the private sector parties it regulates, such as increasing litigation risk due to greenwashing concerns in reporting. For example, a public transport authority with a target to reduce greenhouse gas emissions along its value chain should consider the climate-related strategy of its service providers, as failure to meet its target could lead to enhanced regulatory and reputational risk.

AG1.19. ...

Strategy

Climate-related risks and opportunities and effects on an entity's operations model and value chain

AG1.25 The current and anticipated effects of climate-related risks and opportunities on an entity's operational model and value chain include those related to:

- (a) Climate-related physical risks that have affected or potentially may affect the entity's operations such as disruptions to service delivery due to adverse weather events. Climate-related physical risks could carry financial implications for an entity, such as costs resulting from direct damage to public assets and infrastructure, indirect effects of supply-chain disruption, or rising sea levels for certain coastal communities. The entity's long-term fiscal sustainability could also be affected by factors such as changes in water availability, sourcing and quality, or extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety. Climate-related physical risks can also have economic or social implications, such as increasing number the disruption of uninsured neighborhoods in the jurisdiction due to severe essential services from extreme weather events or rising sea levels; and
- (b) Climate-related transition risks ~~which~~ could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related

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policies. The entity's long term fiscal sustainability could also be affected by shifting needs of service recipients and the development and deployment of new technology. For example, a ~~jurisdiction's civil aviation~~transport authority may ~~need to undertake significant technical work to develop safety procedures~~face increased costs for ~~new~~replacing its fleet with electric aircraft ~~given that its existing procedures were inherently designed for fossil-fueled plane technology~~buses. Climate-related transition risks ~~could~~can also ~~lead to~~have economic or social implications, such as ~~significant job losses as a result~~the displacement of ~~transition to~~employees resulting from the decommissioning of non-renewable energy ~~impacting on the labor department and energy policy-maker~~infrastructure.

- (c) Climate-related opportunities may include ~~more efficient~~an increased efficiency in the use of resources, ~~changing use~~the adoption of ~~energy such as lower emission~~clean energy sources or new technologies, ~~developing new lower emission services or and the~~development of climate adaptation solutions.

~~AG1.19. The activities of other entities involved in upstream or downstream activities could also affect an entity's operational model and value chain; for example, changes to an entity's funding from higher levels of government as a result of changes in climate-related public policy programs.~~

~~Climate-related opportunities may include more efficient use of resources, changing use of energy such as lower emission energy sources or new technologies, developing new lower emission services or climate adaptation solutions.~~

...

Scope 3 greenhouse gas emissions

AG1.82. While designing, implementing and monitoring public policy ~~is~~programs are part of public sector value creation, the ~~activities~~effects of climate-related public policy programs on other entities and/or individuals ~~in implementing an entity's public policy programs are~~are not required to be included in the measurement of ~~its~~the entity's Scope 3 greenhouse gas emissions. For example, an entity that designs a home insulation subsidy would include the direct and indirect emissions from designing the program in its Scope 1 and 2 greenhouse gas emissions, such as from energy use for its office space used in designing the public policy program, but would not include the greenhouse gas emissions of the manufacturers of home insulation or the households who receive the subsidy in the Scope 3 emissions for its own operations. These emissions would be captured in reporting on greenhouse gas emissions from climate-related public policy programs (see paragraphs AG2.33–AG2.36).

Basis for Conclusions

Objective and Scope

Disclosure about the entity's own operations and climate-related public policy programs

BC.21 The IPSASB decided that entities should provide disclosures on both climate-related risks and opportunities specific to their own operations, and where applicable, the outcomes that could reasonably be expected as a result of its climate-related public policy programs.

~~BC.22 Disclosures about an entity's own operations include required by the [draft] Standard provides primary users with information to understand the climate-related risks and opportunities that could reasonably be expected to affect its long-term fiscal sustainability. This includes information relating to all of the entity's activities of an entity in its operational model to support its service delivery and public policy setting and monitoring functions, programs. The definition of own operations includes the activities relating to public policy programs to provide a complete picture of a reporting entity's activities, such as considering the climate-related risks and opportunities and emissions from the employees that design and implement public policy programs in the entity's operations, but excludes the outcomes from public policy programs, which would be addressed by separate disclosure requirements about those climate-related public policy programs.~~

~~BC.22~~BC.23 The IPSASB decided that the guidance in IFRS S1 and IFRS S2 should largely meet primary users' core information needs about an entity's own operations (see paragraph BC11). Therefore, disclosure requirements and application guidance relating to an entity's own operations are aligned with IFRS Sustainability Disclosure Standards, with public sector adaptations as needed.

~~BC71. Disclosures about climate-related public policy programs and their outcomes required by the [draft] Standard provide primary users with information to understand the objectives, outcomes and progress towards achieving intended outcomes of these climate-related public policy programs. The IPSASB decided that the regulatory role of public sector entities is a key characteristic that requires these disclosures address the need for public sector-specific disclosures about the public sector's policy setting and regulatory role (see paragraph BC13).~~

~~BC71-BC72. Further,~~ The IPSASB decided the pillars of governance, strategy, risk management and metrics and targets provide a beneficial framework for providing primary users with the information to enable decision-making and accountability on climate-related public policy programs, including financial information (such as costs and fees from programs) and non-financial information (such as greenhouse gas emissions and progress towards intended outcomes) and that some of the key principles from IFRS S1 and IFRS S2 are also applicable to climate-related public policy programs. ~~Therefore, the [draft] Standard proposes disclosure requirements and application guidance that are specific to primary users' core information needs regarding climate-related public policy programs and achievement of their intended outcomes based on IFRS S1 and S2 as applicable for climate-related public policy programs. See paragraphs BC71-BC86 for further discussion on each pillar as it relates to climate-related public policy programs.~~

BC.25 The IPSASB acknowledged that the delineation and differentiation of an entity's own operations and climate-related public policy programs, as well as the terminology used in the [draft] Standard, may be challenging to apply to the many complex arrangements and structures that vary across different jurisdictions and levels of government. However, the IPSASB decided that it was necessary to separate the principles and guidance for reporting information about how an entity manages its own operations from reporting about how an entity manages the public policy programs it is responsible for, given their different natures. Therefore, it was necessary to provide additional terminology to capture these differences ~~and~~. The IPSASB provides further clarification and guidance on these through the application guidance in Appendix A1: Application Guidance – Own Operations and Appendix A2: Application Guidance – Climate-related Public Policy Programs Appendix A2, including integrating concepts from the IFRS S2 such as operational model (or business model) and value chain from IFRS S2 into the principles related to an entity's own operations. The IPSASB decided to seek constituents' feedback through public consultation on the [draft] Standard on this approach to delineating an entity's own operations from its climate-related public policy programs, and the appropriateness of the proposed terminology and definitions.

...

Climate-related risks and opportunities to an entity's own operations

BC.33 The IPSASB reflected on the public sector context, its operations, operational model and value chain and determined that it was important to clarify and define these areas for public sector entities to understand and apply the IFRS S2-aligned requirements for an entity's own operations.

BC.34 Specifically, the IPSASB decided that an entity's own operations ~~should include all public sector of the activities, ranging from service delivery to in an entity's operational model, other than the outcomes of public policy setting, with the guidance aligned with IFRS S2 programs.~~ Reporting on climate-related public policy programs, including the performance and effectiveness of those programs, should be addressed by separate public sector specific guidance drawing on IFRS S2 where appropriate.

~~BC72-BC73.~~ The IPSASB considered ~~the applicability of~~ the value chain concept in the public sector context. While public policy development and implementation is an integral part of public sector value creation, the IPSASB ~~decided that the processes involved are different to the management of an entity's own operations, and should not be included within the value chain boundaries for the purpose of this [draft] Standard~~ acknowledged the complexity and volume of entities and/or individuals across a value chain for public policy programs. Therefore, the IPSASB decided that while the requirements to consider the value chain in the [draft] Standard apply to identifying and managing the climate-related risks and opportunities to an entity's own operations, for the purposes of this [draft] Standard, this should exclude the effects of public policy programs on other entities and/or individuals for the purposes of measuring greenhouse gas emissions from its own operations.-

~~BC73-BC74.~~ reporting on emissions from activities ~~undertaken by of~~ other entities ~~in implementing and individuals as a result of public policy programs, including the emissions from activities of other entities who may design, implement or, monitor a~~ climate-related public policy ~~programs~~ program

and the emissions from ~~these individuals and/or entities affected by the public policy programs~~, should not be included in the disclosures of an entity's greenhouse gas emissions from its own operations. Instead, the IPSASB determined that such disclosures ~~about public policy programs may be addressed by those relating to the estimated greenhouse gas emissions from~~ climate-related public policy programs ~~in achieving~~ may be addressed by the disclosure requirements for climate-related public policy programs and their intended outcomes to the economy, environment and people, rather than being part of the value chain of an entity's own operations.

...

Metrics and Targets

BC.63 ~~Although in the context of reporting on own operations of~~ As value chains may comprise both public and private sector entities, greenhouse gas emissions in categories such as business travel and upstream leased assets can fall under categories such as direct (Scope 1), indirect (Scope 2), and across the broader value chain (Scope 3). Nevertheless, as the IPSASB the IPSASB could not identify a public sector specific reason to depart from this methodology, and as value chains may often comprise both public and private sector bodies, it has the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Therefore, the IPSASB decided to align the definitions of Scopes 1, 2, and 3 with GHG the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) terminologies for own operations to ensure consistency and clarity in reporting and interpretation. However, the IPSASB acknowledged that the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) was designed for the private sector and does not address Scope 3 emissions relating to public policy programs. As a result, climate-related public policy program outcomes impacting the economy, environment, and people are excluded from scope 3 emissions. Instead, the emissions that are reasonably attributable to climate-related public policy programs would be included and disclosed as part of reporting on the entity's climate-related public policy programs (see paragraph BC83).

Implementation Guidance

IG4. Are an entity's internal policies and programs to address climate-related issues, considered climate-related public policy programs?

A: No. Internal policies are not considered public policy programs, as they are part of how an entity manages its own operations. They are different from interventions made using a public sector entity's sovereign power to influence the decisions or behaviors of other entities or individuals. An entity may have climate-related internal policies, which are designed to implement its own or another entity's climate-related public policy program, but these are managed and reported as part of its own operations.

IG6. Does an entity include emissions from upstream and downstream activities of other entities and/or individuals relating to public policy programs when reporting Scope 3 greenhouse gas emissions from its own operations?

A: No, an entity does not include the upstream activities of other public sector entities or the downstream effects of public policy programs on other entities and/or individuals as part of reporting Scope 3 greenhouse gas emissions from its own operations.

Illustrative Examples

Scope 3 greenhouse gas emissions relating to public policy programs

IE2. The Ministry of Transport manages a climate-related public policy program to install electric vehicle charging stations across its highway networks which reduce vehicle emissions in its jurisdiction from other entities and individuals in the jurisdiction. The Ministry also decides to convert its own fleet of vehicles used in its own operations to electric vehicles.

IE3. To measure and report its greenhouse gas emissions relating to its own operations in accordance with paragraph 17(a), the Ministry includes emissions from its own fleet of vehicles and emissions from activities to install electric vehicle charging stations across its highway network, however, it does not include the emissions from other entities and individuals relating to its climate-related public policy program.

Aggregation and disaggregation of greenhouse gas emissions

Example 4—Disaggregation of greenhouse gas emissions by function within a public sector entity

IE51. A public sector entity discloses its greenhouse gas emissions in relation to its own operations in accordance with paragraph 30(a) of this SRS. The entity performs a range of public sector functions, including a policy setting function and a service delivery function.

IE52. The entity was delegated responsibility for part of a national climate action plan and established a policy design function within its own operations in 20X1, for the purposes of fulfilling this responsibility. This was a major expansion of the entity's own operations, including an increase in number of new employees to establish the policy design function.

IE52-IE53. Although the IPSASB SRS does not explicitly require disaggregation by function, the entity considers the requirement in the IPSASB SRS that prohibits information from being aggregated if doing so would obscure information that is material.

IE53-IE54. For the reasons of aggregation and disaggregation set out in the IPSASB SRS (paragraphs B.AG51–B.AG53), the entity decided to disaggregate its absolute greenhouse gas emissions by function.

IE54-IE55. The entity measures the greenhouse gas emissions across its functions, in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). In addition, the entity refers to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) to determine its Scope 3 categories for disclosure. The entity determines its material Scope 3 categories for the policy design function, such as Category 6 – Business Travel, where the entity measures greenhouse gas emissions from the transportation of employees for policy design activities. Table 5 illustrates the disaggregation of greenhouse gas emissions by function and scope within a public sector entity.

Table 5: Disclosure excerpt of greenhouse gas emissions by function and scope within a public sector entity disaggregated by constituent gases

Greenhouse gas emissions (metric tonnes CO₂e)

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Function	20X1			20X0		
	Scope 1	Scope 2	Scope 3	Scope 1	Scope 2	Scope 3
Policy Design	1,900	2,080	4,820	-	-	-
Service Delivery	12,000	6,300	15,000	11,500	7,000	14,000

Risks and Opportunities

Question

1. Does the IPSASB agree with the recommendations to use the term ‘risks and opportunities’ exclusively for own operations, and introduce the term ‘potential challenges to achieving intended outcomes’ for climate-related public policy programs?

Recommendation

2. Staff recommend using the term ‘risks and opportunities’ exclusively for own operations and introducing the term ‘potential challenges to achieving intended outcomes’ for climate-related public policy programs.

Background

3. At the August 2024 optional check-in meeting, IPSASB members instructed staff to revisit the term ‘risks and opportunities’, as the definitions “climate-related risks and opportunities” aligned with IFRS S2 focus on the entity itself.
4. Board members had concerns that:
 - (a) Using ‘risks and opportunities’ in the climate-related public policy program context leads to misunderstanding, as risks and opportunities for policy programs are much broader than affecting the entity itself; and
 - (b) It was impractical to require entities to identify and disclose ‘risks and opportunities faced by other entities and/or individuals affected by the climate-related public policy program’.
5. Following the August check-in meeting, staff worked closely with Board ‘issue owner’, Scott Showalter, on these issues to develop the proposed recommendations.
6. The following paper analyzes staff recommendations and should be read together with the proposed changes to relevant sections of the draft ED in Appendix 1 below.

Analysis

7. In response to Board members’ concerns, staff reflected on the information needs of primary users, the practicality of the requirements, and the alignment with the rest of the drafting, which focuses on the achievement of intended outcomes of climate-related public policy programs.
8. Staff recommend adopting a principled approach that focuses on factors that may impede the achievement of the intended outcomes of climate-related public policy programs.
9. Therefore, staff propose to refer to the factors as the ‘potential challenges to achieving the intended outcomes of climate-related public policy programs’. Accordingly, ‘risks and opportunities’ will only be used in the own operations context.
10. Overall, providing clarity between ‘climate-related risks and opportunities’ to the entity itself, and the ‘potential challenges in achieving the intended outcomes’ of climate-related public policy programs will strengthen disclosures, improve logical flow, and increase understanding of the draft ED.

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11. Additionally, staff recommend removing the requirement for disclosing climate-related scenario analysis for climate-related public policy programs, as scenario analysis informs policy development, rather than the achievement of outcomes of the policy program. The Basis of Conclusions will recognize the significance of scenario analysis in informing policy design.

Decisions Required

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

Appendix 1 – Proposed Draft ED changes

Following are extracts of all paragraphs in the Core text, Application Guidance, and Basis for Conclusions that are related to clarifying ‘risks and opportunities’. Track changes reflect the proposed drafting updates to reflect the approach described in [Agenda Item 5.2.4](#).

Core Text

Strategy

10. 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:

- (d) Climate-related risks and opportunities to its own operations; and**
- (e) Climate-related public policy programs and achievement of their intended outcomes.**

11. Specifically, an entity shall disclose information ~~to enable primary users to understand about its strategy for managing climate-related risks and opportunities to its own operations, including:~~

- (a) The climate-related risks and opportunities that could reasonably be expected to affect an entity’s own operations ~~and, where applicable, inform climate-related public policy programs (see paragraph AG1.22–AG1.23);~~
- (b) The current and anticipated effects of those climate-related risks and opportunities on the entity’s operational model and value chain ~~in relation to its own operations (see paragraph AG1.24–AG1.25);~~
- (c) The effects of those climate-related risks and opportunities on the entity’s strategy and decision-making ~~in relation to its own operations and, where applicable, in relation to, including information about its climate-related public policy program transition plan (see paragraph paragraphs AG1.26–AG1.30);~~
- ~~(a) The current and anticipated effects of those climate-related risks and opportunities to the entity’s own operations on its financial position, financial performance and cash flows for the reporting period and over the short, medium and long term, and where applicable, the current and anticipated financial implications of climate-related public policy programs (see paragraph);~~

~~The climate resilience of the entity’s strategy and operational model to climate-related changes, developments, uncertainties and, where applicable, the climate-related scenario analysis that informed an entity’s climate-related public policy programs (see paragraph –).~~

13. Where applicable, an entity shall also disclose information ~~on about its strategy for~~ climate-related public policy programs ~~to enable primary users to understand, including:~~

- (a) ~~inform climate-related public policy programs;~~ The entity’s strategy and decision-making in relation to the achievement of the intended outcomes of climate-related public policy programs (see paragraphs AG2.23–AG2.25);
- (b) Potential challenges to achieving the intended outcomes of climate-related public policy programs (see paragraphs AG2.26–AG2.27); and

- (c) The current and anticipated financial implications of climate-related public policy programs to the entity itself (see paragraphs AG2.28–AG2.30).

Risk Management

13. The objective of climate-related disclosures on risk and outcome management is to enable primary users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor:
- (a) Climate-related risks and opportunities to its own operations, and including whether and how those processes are integrated into and inform the entity's overall risk management process; and
 - (b) Risks and opportunities Potential challenges to its the achievement of the intended outcomes of climate-related public policy programs and achievement of their intended outcomes.
14. Specifically, an entity shall disclose information about on managing climate-related risks and opportunities for its own operations, including:
- (a) The processes and related risk management policies the entity uses to identify, assess, prioritize and monitor climate-related risks to the entity's long-term fiscal sustainability (see paragraphs AG1.64–AG1.65 and risks related to the entity's climate-related public policy programs, including information about:):
 - ~~(a) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);~~
 - ~~(b)(a) Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks; How the entity assesses the nature, likelihood, magnitude and timing of the effects of these risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);~~
 - ~~(i) Whether and how the entity prioritizes climate related risks relative to other types of risk; How the entity monitors climate related risks; and~~
 - ~~(ii) Whether and how the entity has changed the processes it uses compared with the previous reporting period;~~
 - (b) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and
 - (c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.
15. Where applicable, an entity shall also disclose information on climate-related public policy programs to enable primary users to understand:

- (a) The processes and related internal policies the entity uses to identify, assess, prioritize and monitor potential challenges to achieving the intended outcomes of the climate-related public policy program (see paragraph AG2.21); and
- ~~(d)~~(b) The extent to which, and how, the processes disclosed in paragraph (a) are integrated into and inform the entity's overall risk management process.

Appendix A1: Application Guidance – Own Operations

Strategy

Climate-related risks and opportunities (moved from core text to AG1)

AG1.22. An entity shall disclose information that enables primary users of general purpose financial reports to understand the entity's climate-related risks and opportunities to its own operations ~~and those that inform its climate-related public policy programs.~~ Specifically, the entity shall:

- ~~(e)~~(a) Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;
- ~~(d)~~(b) Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity that could reasonably be expected to occur;
- ~~(e)~~(c) Provide a description of where in the entity's operational model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, types of assets, types of public sector entities or private sector entities, or groups of individuals); and
- ~~(f)~~(d) Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

AG1.23. Short-, medium- and long- term time horizons can vary between entities and depend on many factors, including the planning horizons typically used for strategic decision-making and capital allocation plans, and the time horizons over which primary users of general purpose financial reports conduct their assessments.

...

~~In relation to climate-related risks and opportunities to an entity's own operations, an entity shall also disclose the current and anticipated effects of those climate-related risks and opportunities on the entity's operational model and value chain (see paragraph AG1.23–AG1.27).~~

Risk Management (see paragraphs 13–(a))

AG1.64. Paragraph 14(a)In addition requires an entity to disclose the processes and related risk management policies the entity uses to identify, assess, prioritize and monitor climate-related risks to the entity's long-term fiscal sustainability. Specifically, an entity shall disclose:

- (a) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);

- ~~(a)(b)~~ Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;
- ~~(c)~~ How the entity assesses the nature, likelihood, magnitude and timing of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);
- ~~(b)(d)~~ Whether and how the entity prioritizes climate-related risks relative to other types of risk;
- ~~(e)~~ How the entity monitors climate-related risks; and~~processes, public sector entities~~
- ~~(f)~~ Whether and how the entity has changed the processes it uses compared with the previous reporting period.

AG1.65. To identify, assess, prioritize, and monitor climate-related risks and opportunities, an entity may use their risk management processes and also leverage processes ~~undertaken by~~from other entities. For example, a national risk register developed by a senior level of government may inform risk management by entities at lower levels of governments. ~~In doing so they~~Such entities would ~~need to also~~ consider additional factors ~~to that~~ reflect their own circumstances ~~as well~~.

Appendix A2: Application Guidance – Climate-related Public Policy Programs

Scope

Disclosures on climate-related public policy programs and their ~~intended~~ outcomes

AG2.15. Disclosures about an entity's climate-related public policy programs are focused on ~~how an entity manages its~~understanding the objectives of the climate-related public policy ~~setting~~ programs and ~~responsibilities to achieve whether they are achieving~~ their intended outcomes.

AG2.16. An entity's processes, including governance, strategy and risk management, consider the various aspects and stages of public policy program design and ~~operation and identify, assess, prioritize and manage the related risks and opportunities to each stage, for example~~implementation challenges:

- ~~(a)~~ Policy design ~~and development~~ to meet the entity's responsibilities and mandate – this includes ~~considering the risks and opportunities~~identification and prioritization of specific objectives of the climate-related public policy programs. For example, to address the entities and/or individuals within~~threat of sea level rise to a community, a municipality identified the entity's policy setting responsibilities, as well as any potential risks that may result from the need to develop a climate-related public policy to the economy, environment and people (e.g. transition risks for private sector entities or households);~~program to support the construction of flood levees;
- ~~(b)~~ Policy implementation – this includes considering the ~~risks~~potential challenges related to delivery of the policy programs, such as ~~coordination risk~~difficulties in coordinating across multiple ~~delivery agents or~~ implementing entities, or ~~risks related to limited~~ uptake of the policies; and
- ~~(c)(b)~~ Processes to identify, assess, prioritize and monitor risks to its climate-related public policy programs and achievement of their intended outcomes~~policy program~~; and

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~~(d)(c)~~ Policy monitoring – this includes monitoring whether the intended outcomes are on track to be or are achieved, and whether there are any unintended outcomes indicating the need to amend the policy.

~~An entity may also identify and consider where its own operations and the climate-related risks and opportunities to those operations may be interrelated with climate-related public policy programs and their outcomes. While reporting on an entity's own operations is focused on inputs and outputs and climate-related risks and opportunities, these are closely related to an entity's climate-related public policy programs which are outputs and produce outcomes. For example, where an entity's workforce and offices are at risk of climate-related physical risks such as increased wildfires, delivery agents of the entity's climate-related public policy programs may also be affected which in turn may also pose risks to achieving the intended outcomes of the entity's climate-related public policy programs. Similarly, the success of a climate-related public policy program to reduce flood damage for homes in the entity's policy setting responsibility may reduce related risks to its own operations and long-term fiscal sustainability.~~

...

Governance for an entity's climate-related public policy programs (see paragraph 9)

AG2.19. Public sector governance structures vary considerably between and across jurisdictions. For some climate-related public policy programs, ~~their strategy~~strategies may be ~~determined~~set by another public sector entity (such as senior levels of governments ~~or ministries~~), and/or approval may ~~be through~~involve a legislative process, ~~or a combination of these. An.~~ Oversight of the design, implementation and monitoring of climate-related public policy programs and their outcomes may come from the entity's own governing body, ~~one from~~ another entity or a specially convened cross-government group, ~~may provide oversight of the implementation and achievement of the intended outcomes of climate-related policies.~~ An entity shall disclose the arrangement as required in paragraph 9(a).

AG2.20. Oversight for climate-related public policy programs may include:

- (a) Oversight of policy design ~~and development, includes considering, such as~~ whether the policy meets the entity's mandate and responsibilities, ~~whether addresses the specific objectives of the policy program, and how~~ the proposed policy ~~addresses the identified risks and opportunities faced by the entities and/or individuals within the entity's responsibility or outcomes is expected to the economy, environment and people, and whether the proposed policy may~~ achieve its intended outcomes;
- (b) Oversight for setting of targets and achieving the intended outcomes of climate-related public policy programs includes considering the ~~risk~~potential challenges to achieving those outcomes, such as ~~risk of~~ low uptake of the policy program, ~~risk of~~ poor coordination of the implementation process or unclear accountability and responsibility for ~~delivery agents~~implementing entities; or
- (c) Oversight for and monitoring progress, which may ~~also including~~include oversight of actual outcomes and collection of relevant data from other entities ~~as with~~ responsibility to

implement climate-related public policy programs ~~may be divided among a number of entities.~~

AG2.21. If no group(s) or individual(s) has responsibility for oversight of particular climate-related public policy programs, then this should be disclosed.

AG2.22. In preparing disclosures to fulfil the requirements in paragraph 9, an entity shall avoid unnecessary duplication if oversight of ~~climate-related risks and opportunities to its long-term fiscal sustainability and the~~ climate-related public policy programs and their outcomes is managed on an integrated basis.

Strategy for climate-related public policy programs

~~Risks and opportunities for climate-related public policy programs~~

~~In setting its climate-related public policy programs, an entity shall identify those risks and opportunities to achieving the intended outcomes of the program and the climate-related risks and opportunities faced by the entities, individuals, economy or environment in the scope of its entity's policy responsibilities that the program aims to address. For example, to inform its climate-related public policy programs, an entity that establishes climate-related public policy programs that apply to manufacturers would consider the heightened risks of accidental chemical releases due to more intense flooding or more frequent wildfires for the industry. In turn, the entity may introduce a climate-related public policy program to address such climate-related risks to the manufacturing businesses along with the employee and community's health who may be part of the entity's policy responsibilities.~~

~~Paragraph 13 requires disclosures about climate-related risks and opportunities. From a climate-related public policy program perspective, an entity shall disclose those risks and opportunities faced by other entities and/or individuals within their scope of policy setting responsibilities that the program aims to address as well as risks to the intended outcomes of the programs which may affect the environment, economy and people that inform its climate-related public policy program strategy.~~

~~To identify climate-related risks and opportunities and for climate-related public policy programs, the entity shall use all reasonable and supportable information available to the entity without undue cost or effort (see paragraphs B.AG20–B.AG25).~~

Strategy and decision-making

AG2.23. Paragraph 12(a) ~~Where an entity has climate-related public policy programs, it is required~~ requires an entity to disclose information that enables primary users to understand the entity's strategy and decision-making for its climate-related public policy programs. Specifically, an entity shall disclose:

- (a) The scope of the entity's climate-related public policy program mandate, including an overview of ~~how other entities and/or individuals would be affected by them in relation to paragraph; the entity's responsibilities for the climate-related public policy program;~~
- (b) The entity's climate-related public policy programs strategy, including the entity's decision-making process and factors in determining its strategy for climate-related policy programs (see paragraph AG2.24);

- (c) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods ~~in accordance with paragraph 11~~, including:
 - i. Information about the climate-related public policy program status, timelines and steps for implementation (e.g. legislation process);
 - ~~ii. Potential challenges to the achievement of intended outcomes (see paragraph AG2.26). Any sources of implementation risks (e.g. coordination and delivery or funding risk); and~~
 - ~~ii.) and progress made to address these potential challenges; and~~
 - iii. Processes to monitor achievement of outcomes ~~and address emerging risks and opportunities.~~

AG2.24. Paragraph AG2.23(b) requires an entity to disclose information about its current climate-related public policy programs and the entity's decision-making process and factors in determining its strategy for climate-related policy programs. Specifically, an entity shall disclose:

- (a) A description of the current climate-related public policy programs, including ~~the climate-related risks and opportunities that the policy intends to address (see paragraphs —)~~:
 - ~~i. The specific objectives of the climate-related public policy program, such as addressing increased frequency and severity of flooding through the improvement of zoning and land use policy programs; and~~
- (b) A description of the intended outcomes ~~that are reasonably expected to occur as as~~ a result of the ~~entities~~entity's climate-related policy programs, including:
 - i. The process to identify and evaluate outcomes as a result of climate-related public policy programs, including how the entity has engaged with stakeholders and experts;
 - ii. The scope of the entities/individuals expected to be affected;
 - iii. The time horizon over which the entity expects these to occur; and
- (c) Any factors and assumptions used in designing its climate-related public policy programs, including:
 - i. Trade-off decisions, if any, between ~~outcomes from~~ climate-related public policy ~~programs—program outcomes~~ (such as balancing potential outcomes affecting greenhouse gas emissions and economic or social effects); and
 - ii. Information about key assumptions used in developing its transition plan and dependencies on which the transition plan relies.

AG2.25. Public policy programs influence the activities and behaviors of other public sector entities, private sector entities and/or individuals. Given the breadth of stakeholders impacted by an ~~entities~~entity's climate-related public policy programs, the entity ~~will~~may need to consider ~~many~~other factors in its decisions to set policy programs, for example:

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- (a) ~~Its~~The entity's overall mandate ~~to achieve certain outcomes,~~ such as maintaining financial stability of the economy ~~may be considered~~ when assessing potential approaches to implementing carbon taxes;
- ~~(b) The climate-related risks and opportunities for the entities and/or individuals within its mandate such as how increased frequency and severity of flooding may influence review and revisions to zoning and land use policy programs;~~
- ~~(b) A climate-related scenario analysis that provided information for policy design; and~~
- (c) The potential trade-offs between different outcomes such as weighing the short-, medium- and long-term costs and benefits from a climate-related policy to transition from fossil fuel production to renewable energy production to reduce ~~GHG~~greenhouse gas emissions, ~~which~~but may also have impacts on the local economy as well as the local workforce.

Potential challenges to achieving the intended outcomes of climate-related public policy programs

~~AG2.26. Paragraph (b) requires an entity to disclose information that enables primary users to understand the potential challenges to achieving the intended outcomes of climate-related public policy programs. Specifically, an entity shall disclose any factors that the entity identified that could impede the achievement of the intended outcomes of a climate-related public policy program. For example:~~

- ~~(a) Internal factors, such as resource constraints, operational challenges, and technical limitations; and~~
- ~~(b) External factors, such as regulatory constraints, economic conditions, and local opposition.~~

~~AG2.26-AG2.27. To identify the potential challenges to achieving the intended outcomes of climate-related public policy programs, the entity shall use all reasonable and supportable information available to the entity without undue cost or effort (see paragraphs B.AG20-B.AG25~~

...

~~AG2.27. Entities should carry out a climate-related scenario analysis to inform the development of climate-related public policy programs, but this may not be repeated on an annual basis once the program is in place. Entities may perform subsequent climate-related scenario analyses for specific reasons, for example, if a climate-related public policy programs is not achieving its intended outcomes, if it identifies changes in the risks to other entities and/or individuals within its policy setting responsibilities and/or those affected by its climate-related public policy programs or there are other system-wide or macroeconomic changes. Entities shall consider if disclosures relating to such subsequent climate-related scenario analyses meet the primary user needs for decision-making and accountability to determine the extent of information material for disclosure.~~

~~AG2.28. Paragraphs also apply for climate-related scenario analysis for climate-related public policy programs, however:~~

- ~~(a) An entity shall consider its exposure to climate-related risks and opportunities (paragraph-) from the perspective of the climate-related risks and opportunities to those entities and~~

~~individuals within the intended scope of its climate-related public policy programs and the climate-related risks to achieving the intended outcomes (see paragraph);~~

- ~~(b) An entity shall consider the available skills, capabilities and resources when determining an appropriate approach (paragraph). Scenario analyses can sometimes be performed more cost-effectively for a group of entities as part of the arrangements for developing and monitoring climate-related policies, including assessing the likely effects of implementing a planned policy activity by other entities.~~

RiskOutcome management relating to an entity's climate-related public policy programs (see paragraph 15)

~~AG2.29. Paragraph (a) requires disclosures about the processes and policies that the entity uses to identify, assess, prioritize and monitor the potential challenges to achieving the intended outcomes of its climate-related public policy programs.~~

~~AG2.30. In relation to an entity's climate-related public policy programs, entities also identify, assess, prioritize and manage:~~

- ~~(a) The climate-related risks to the entities/individuals within the entity's scope of responsibilities, as disclosed per paragraph . For example, a public sector entity that sets policies related to insurance or infrastructure would monitor and manage the effects of climate change and the effects of its policies in areas that may be increasingly at risk of being deemed to be uninsurable by insurance agencies due to increasing severity and frequency of storms and floods; or~~
- ~~(b) Progress towards achieving the intended outcomes from its climate-related public policy programs. For example, a public sector entity that develops a policy to transition from non-renewable to renewable energy would monitor the achievement of that public policy programs' intended outcomes, such as reduction to greenhouse gases, and also other intended outcomes such as the impact on the economy and workforce in the jurisdiction where appropriate.~~

~~AG2.31. In addition to disclosures on managing climate-related risks and opportunities, the entity shall provide the information required in paragraph about the processes and related risk management policies the entity uses to identify, assess, prioritize and monitor the risks to the entities and/or individuals within the entity's scope of responsibilities and to the achievement of intended outcomes of its climate-related public policy programs.~~

~~AG2.31. Specifically, an entity shall disclose:~~

- ~~(a) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);~~
- ~~(b) How the entity assesses the nature, likelihood and magnitude of those potential challenges (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);~~
- ~~(c) How the entity prioritizes and monitors those potential challenges to achieving intended outcomes; and~~

(d) Whether and how the entity has changed the processes it uses compared with the previous reporting period.

AG2.32. In preparing disclosures to fulfil the requirements in ~~paragraphs and paragraph~~ 15, an entity shall avoid unnecessary duplication. ~~For example, although an~~ if the processes and policies that the entity ~~shall provide the information required by these paragraphs, if oversight of climate-related risks and opportunities uses~~ to its own operations, identify, assess, prioritize and/or the risks and opportunities in relation to monitor the potential challenges to achieving the intended outcomes of its climate-related public policy programs ~~are~~is managed on an integrated basis, ~~the entity should avoid duplication by providing integrated disclosures for both with the entity's overall risk management processes.~~

Basis for Conclusions

Climate-related public policy programs

Strategy

BC73. 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 public sector entity's strategy for public policy programs is also a key area of difference between public and private sector climate-related disclosures. Therefore, specific disclosure requirements and application guidance addressing how an entity should report on its strategy for managing its climate-related public policy programs and outcomes were needed to address user information needs.

~~BC74. Climate-related The IPSASB evaluated whether incorporating the concept of "risks and opportunities for" into climate-related public policy programs~~

~~BC75. While the definitions of would be appropriate, and concluded that this approach could be inconsistent with the IFRS S2 definition of "climate-related risks and opportunities are internally focused within an entity and align with private sector guidance, the IPSASB considered that these concepts are broader when applied to a public sector entity.~~

~~BC76. The IPSASB determined that, in the public sector context, risks and opportunities will also need to be considered by entities when monitoring and reporting on the achievement of intended outcomes of public policy programs. In considering these, entities will need to evaluate their potential effects on the entities and/or individuals within their scope of policy setting responsibilities (see paragraph). This approach will enable entities to consider the broader implications of climate on external entities as well as on the economy, environment, and society when developing public policy programs.~~

BC77-BC74. To address this, the [draft] Standard aligns the definitions for climate-related risks and opportunities with private sector standards so as not to change the meaning and intention as it, which applies to an entity's own operations. Additional explanation on how these definitions are relevant can be interpreted within the public sector context the entity itself. The IPSASB recognized that the scope for climate-related public policy programs is provided in, broader, and decided to focus on requirements that align with the information needs of primary users. Consequently, the

IPSASB determined that reporting “potential challenges to achieving the intended outcomes of climate-related public policy programs” is appropriate, as it directly addresses what impedes the success of these policy programs in achieving their intended outcomes.

BC75. Climate-related scenario analysis, in particular, is useful both during the initial policy design stage and when specific conditions warrant its reassessment, for informing the development of an entity’s climate-related public policy program. Accordingly, the IPSASB recognized that scenario analysis could be a factor that entities take into consideration in designing its climate-related public policy programs, rather than a disclosure requirement related to the outcomes of a climate-related public policy program.

Implementation Guidance

~~IG5. Are risks and opportunities for climate-related public policy programs the same as those for an entity’s own operations?~~

~~A: No. Risks and opportunities in relation to climate-related public policy programs are different from those considered for an entity’s own operations.~~

~~Climate-related risks and opportunities to an entity’s own operations are internally focused and need to be considered in terms of their effects on the entity’s own long-term fiscal sustainability. This should inform consideration of whether the entity’s strategy for its own operations and its operational model needs to be revised.~~

~~On the other hand, in designing a climate-related public policy program, an entity would consider climate-related risks and opportunities to implementing the program and achieving its intended outcomes. As part of this process the entity would need to consider the potential effects of these risks and opportunities on the entities and/or individuals within the scope of the program. Therefore, it is essential for policy setters to understand these risks and opportunities as they are integral to monitoring and evaluating public policy programs. For instance, increases in transition risks could be reasonably expected from the rapid compulsory introduction of a climate-related public policy program.~~

~~To identify climate-related risks and opportunities from climate-related public policy programs, an entity shall use all reasonable and supportable information to the entity without any undue cost or effort (see paragraphs B.AG20-B.AG25).~~

Specific Matters for Comment (SMCs)

Question

1. Does the IPSASB agree with the recommended specific matters for comment (SMCs)?

Recommendation

2. Staff recommend the IPSASB include SMCs in the draft ED relating to:
 - (a) The proposed alignment of conceptual foundations with IPSASB's Conceptual Framework;
 - (b) The overall scope to requiring and approach to delineating guidance for "own operations" and "climate-related public policy programs", including:
 - (i) The approach to alignment with IFRS S1 and S2 with public sector adaptations for both "own operations" and "climate-related public policy programs";
 - (ii) The terms and definitions relating to "own operations", "public policy programs", and "public policy program outcomes; and
 - (iii) The scope of public policy program disclosure requirements for "climate-related public policy programs" and being required for entities with responsibility for such policy programs;
 - (c) The proposed disclosure requirements relating to strategy for climate-related public policy programs;
 - (d) The proposals relating to metrics and targets, including:
 - (i) For own operations, the alignment with and rebuttable presumptions of using the GHG Protocol Corporate Standard, and the requirements and guidance relating to Scope 3 greenhouse gas emissions;
 - (ii) For climate-related public policy programs, the approaches to disclosures about 'change in greenhouse gas emissions' and 'other metrics';
 - (e) The alignment of general requirements with IFRS S1, with specific focus on requirements relating to timing of reporting and location of disclosures; and
 - (f) Transitional Relief for both own operations and climate-related public policy programs.

Background and Analysis

3. During the June 2024 meeting, staff were instructed to address specific topics in the SMCs.
4. In addition, feedback and discussions with individual Board members identified additional areas to gather feedback on.
5. Based on this input, staff drafted SMCs as outlined in paragraph 2 above. See [Agenda Item 5.3.1](#) for the proposed SMCs for Board discussion.

Decisions Required

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

Approval of the Exposure Draft IPSASB SRS™ ED X, Climate-related Disclosures

Question

1. Does the IPSASB agree that the draft IPSASB SRS™ X, Climate-related Disclosures, be approved for exposure?

Recommendation

2. Staff recommend the IPSASB:
 - (a) Approve the draft IPSASB SRS™ ED X, Climate-related Disclosures (“draft ED”); and
 - (b) Expose the draft ED for a 120-day exposure period.

Background

3. In March 2022, the IPSASB approved the Consultation Paper, *Advancing Public Sector Sustainability Reporting*. Based on consultation comments received, the IPSASB decided in December 2022 to begin a research and scoping phase of three priority projects.
4. In June 2022, the IPSASB decided to start with the development of a public sector specific Climate-related Disclosures Standard and approved the related project brief.
5. Since June 2022, the IPSASB has discussed, reviewed and made decisions on the key principles and drafting of the ED. These principles and decisions were supported by:
 - (a) Education sessions, including from other standard setters (i.e. ISSB, GRI, EFRAG, XRB) and practitioners (e.g. on materiality in practice);
 - (b) Advice from the IPSASB Consultative Advisory Group on the project brief, the current state of public sector sustainability reporting in CAG member jurisdictions, and other key strategic issues
 - (c) Advice from the IPSASB Sustainability Reference Group which met quarterly from October 2023 to May 2024 and provided advice on the Objective and Scope, Materiality, and all four pillars of the draft ED; and
 - (d) Recommendations from the Climate Topic Working Group which met once or twice per quarter from October 2023 to May 2024 and provided recommendations on the Objective and Scope, Materiality, and all four pillars of the draft ED; and
 - (e) Observations from the climate-related metrics workshop hosted by staff together with representatives from the UNDP, ISSB and GRI.
6. The Board discussed key principles and reviewed sections of the draft ED throughout its development:
 - (a) In September 2023, the Board agreed upon the framework for developing its draft ED by building off of the proposals and feedback from its CP, the IPSASB’s Conceptual Framework, ISSB’s global baseline of IFRS S1 and S2, and GRI Standards.

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- (b) In December 2023, the Board discussed key principles and reviewed the draft ED sections related to Objective, Scope, and Conceptual Foundations and had breakout group discussions about Governance, Strategy, Impacts and Risk Management sections of the draft ED;
 - (c) In March 2024, the Board discussed key principles to clarify the objective of the draft ED, the approach to differentiate 'own operations' from 'policy activities' and the related disclosure requirements and guidance needed Governance, Strategy, Impacts and Risk Management sections of the draft ED and had breakout group discussions about proposals relating to Metrics and Transitional relief;
 - (d) In May 2024, the Board discussed the use of the term 'outcomes' to address 'impacts' and reviewed the draft ED, including updates to previous sections reviewed and new drafting related to Governance, Strategy, Impacts and Risk Management sections of the draft ED;
 - (e) In June 2024, the Board discussed the scope of requirements for policy activities to be those that are explicitly designed to address climate, and discussed key principles reviewed drafting relating to Metrics and Targets, General Requirements, and Transitional Provisions in addition to updates to previously reviewed sections of the draft ED;
 - (f) In July 2024, the Board reviewed updates to the full draft ED for instructions from the June meeting, including clarification to the terms, definitions and application guidance relating to 'own operations' and 'climate-related public policy programs', and restructuring of the draft ED and discussed proposed topics and examples for non-authoritative guidance in implementation guidance and illustrative examples;
 - (g) In August 2024, the Board reviewed updates to the full draft ED, including implementation guidance and illustrative examples.
7. Throughout this process, Board members provided detailed comments and feedback, and staff arranged one-on-one meetings to address and discuss concerns.

Analysis

8. Considering the multiple reviews by and extensive feedback from the Board, staff are of the view that the IPSASB has followed due process to this stage and the draft ED is ready for approval and recommend the IPSASB to approve for exposure.
9. Following the [IPSASB's Due Process and Working Procedures](#), staff recommends a 120-day comment period.

Decisions Required

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

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

1. (draft) IPSASB SRS ED [X], *Climate-related Disclosures* referenced in [Agenda Item 5.3.1](#) is posted separately for easier readability.

Supporting Documents 2 - (draft) IPSASB SRS Exposure Draft [X], *Climate-related Disclosures* – with Track Changes

1. (draft) IPSASB SRS ED [X], *Climate-related Disclosures* with track changes referenced in [Agenda Item 5.3.2](#) is posted separately for easier readability.