

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

**Meeting Location:** Zurich, Switzerland

**Meeting Date:** September 12–15, 2023

## Agenda Item 13

For:

☐ Approval





















☒ Discussion


☐ Information

### CLIMATE-RELATED DISCLOSURES

<b>Project summary</b>	The project objective is to develop a public sector climate-related disclosures standard, separate from the current suite of IPSAS, to meet the needs of users of public sector sustainability reports (service recipients and resource providers) and ensure better transparency, accountability and enable improved decision-making.	
<b>Project staff lead</b>	<ul style="list-style-type: none"> <li>Celine Chan, Senior Manager</li> </ul>	
<b>Task Force members</b>	The IPSASB agreed to establish a Climate Topic Working Group. Members of the group will be confirmed after the September 2023 Board meeting and will begin meeting in October 2023.	
<b>Meeting objectives</b>	<b>Topic</b>	<b>Agenda Item</b>
<b>Project management</b>	<a href="#">Climate-related Disclosures: Exposure Draft Dashboard</a>	<a href="#">13.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">13.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">13.1.3</a>
	<a href="#">Climate-related Disclosures: Project Roadmap</a>	<a href="#">13.1.4</a>
<b>Decisions required at this meeting</b>	<a href="#">Climate-related Disclosures – Project Plan and Timeline</a>	<a href="#">13.2.1</a>
	<a href="#">Key Public Sector Sustainability Reporting Concepts and Terms</a>	<a href="#">13.2.2</a>
<b>Other supporting items</b>	<a href="#">[Draft] SRS X, Climate-related Disclosures</a>	<a href="#">13.3.1</a>

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

Topic	Past Meetings	Sept 2023	Dec 2023	Mar 2024	June 2024	Sept 2024
Project Management	✓					
Review and Approval of ED						
<b>Climate-related Disclosures – Authoritative Text</b>						
Objective & Scope						
Definitions						
Conceptual Foundations						
• Materiality						
Governance						
Strategy						
Risk and Impacts Management						
Metrics and Targets						
General Requirements						
Application Guidance						
<b>Climate-related Disclosures – Non-Authoritative Text</b>						
Basis for Conclusions						
Implementation Guidance						

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

## INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
June 2023	1. Publish the final approved Climate-related project brief along with the press release approved by the Board.	1. Project brief and press release issued on June 14, 2023.
	2. Establish a Climate-related Topic Working Group to provide climate-related expertise and advice to support delivery of the project.	2. Climate topic working group established and will begin meeting October 2023.
	3. Establish a Sustainability Reference Group to provide advice on overall sustainability reporting standards development.	3. Sustainability Reference Group established and will have its first meeting October 2023.
March 2023	1. Develop a project brief for Climate-related disclosures project, drawing upon concepts and guidance from the Consultation Paper Advancing Public Sector Sustainability reporting guidance and feedback received from constituents, IPSASB Conceptual Framework, the IFRS Sustainability Standards and GRI Standards while giving careful consideration of public sector specific needs.	1. Project brief developed and was presented to the Board in June 2023.
	2. Update the sustainability slide deck and circulate to members between meetings, to reflect the scoping framework decided in March 2023.	2...Sustainability slide deck updated and circulated to members on March 27, 2023.
March 2022	1. All instructions provided up until March 2022 were reflected in the <a href="#">Consultation Paper on Advancing Public Sector Sustainability Reporting</a>	1. All instructions provided up until March 2022 were reflected in the <a href="#">Consultation Paper on Advancing Public Sector Sustainability Reporting</a>

**DECISIONS UP TO PREVIOUS MEETING**

Meeting	Decision	BC Reference
June 2023	1. The Board decided unanimously to move forward with the development of guidance on Climate-related Disclosures.	N/A
	2. The Board decided that sustainability reporting pronouncements should be issued as authoritative standards that should be separate from the current suite of IPSAS.	N/A
	3. The Board approved the Climate-related disclosures project brief by a vote.	N/A
March 2023	4. 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"> <li>• <a href="#">Consultation Paper on Advancing Public Sector Sustainability Reporting Guidance</a> and feedback received from constituents;</li> <li>• IPSASB Conceptual Framework as it relates to objectives, users and information needs;</li> <li>• IFRS Sustainability Standards; and</li> <li>• GRI Standards.</li> </ul>	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 <a href="#">Consultation Paper on Advancing Public Sector Sustainability Reporting</a>	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. Review [draft] ED: Governance, Strategy, Risk and Impacts Management 2. Page flip
June 2024	1. Review [draft] ED: Metrics and Targets, Implementation Guidance 2. Page flip
H2 2024	3. Approval of ED

## **Climate-related Disclosures – Project plan and Timeline**

### **Purpose**

1. This paper provides further detail on the plan and processes for developing the [draft] Exposure Draft International Public Sector Sustainability Reporting Standard (ED SRS) X, *Climate-related disclosures*, including a detailed timeline that staff intend to deliver on.

### **Background**

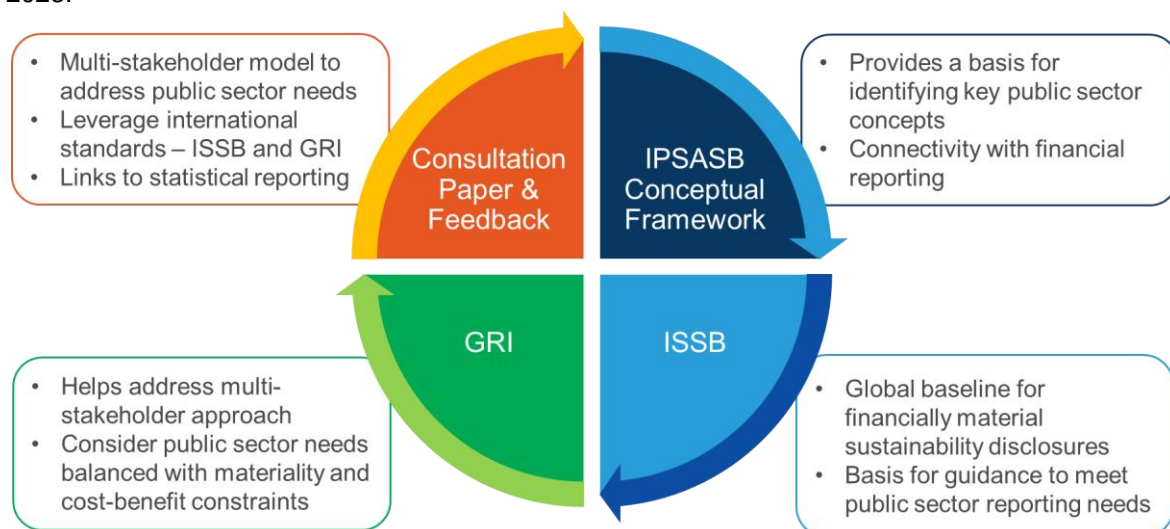
2. At its June 2023 meeting, the IPSASB approved the climate-related disclosures project brief.
3. As part of the project brief, the Board agreed to the principles of building off international guidance, establishing sustainability-related institutional arrangements and the importance of the timeliness of guidance development.
4. With this approval, the Board instructed staff to begin development of the standard and to establish the necessary arrangements, namely the Sustainability Reference Group (SRG) and the Climate Topic Working Group (TWG).
5. Staff have actioned those decisions and planned the detailed steps and processes to develop ED SRS X, *Climate-related disclosures*.
6. This paper walks through the plan and processes to illustrate how the scoping framework and project brief will be implemented in practice.

### **Standard development plan and processes**

7. In order to meet stakeholder expectations, the timeframe to develop this standard will need to be faster than traditional financial reporting projects followed for the development of other past standards. Therefore, different standards development processes are necessary. It will be critical for the Board and staff to use resources effectively and efficiently and to prioritize and focus on critical public sector issues.
8. Staff will approach the standards development through the following:
  - a) Leverage international standards, IFRS Sustainability Disclosure Standards, GRI Standards and other international guidance;
  - b) Build a common knowledge of critical issues relating to climate-related disclosures across the Board through education sessions presented by subject matter experts; and
  - c) Draw on sustainability and climate-related expertise from the Climate Topic Working Group (TWG) and the Sustainability Reference Group (SRG).

## Build off international guidance

9. Staff have begun to draft sections of ED SRS X, *Climate-related disclosures* based on the scoping framework agreed upon by the Board in March 2023 and approved as part of the project brief in June 2023.



10. To implement and operationalize this scoping framework for ED SRS X, *Climate-related disclosures*, the working assumption is that staff will take IFRS S2 *Climate-related disclosures* as the base starting point and layer on guidance from GRI Topic Standards to address the multistakeholder needs of the public sector similar to the IPSASB's well-established [Process for Reviewing and Modifying IASB Documents](#). Finally, other international guidance such as SDGs, NDCs, and statistical guidance will also be considered in the process as well.
11. Staff will develop sections of the draft ED for Board review at each quarterly meeting, with agenda papers highlighting key issues relating to those sections. This breakdown of the draft standard will help to facilitate review of the entire draft standard over the next 12 months.
12. Since the project for ED SRS X, *Climate-related disclosure* is commencing before a public sector general sustainability-related disclosure standard project, this project will also look to IFRS S1 *General requirements for disclosure of sustainability-related information* and GRI Universal Standards to consider general conceptual foundations needed for public sector sustainability reporting.
13. See [Agenda Item 13.3.1](#) which provides an illustrative outline of ED SRS X sections. This appendix highlights whether sections are general sustainability-related or climate-specific and also includes the timing for Board review of each section.
14. To begin building from other international standards, staff reviewed key public sector concepts and terms in IFRS S1 and S2 to align terminology and address public sector differences. See [Agenda paper 13.2.2](#) for discussion on initial public sector concepts and recommendations.

## Build common knowledge through education sessions

15. Staff will arrange for Board education sessions on key issues and topics to be presented by subject matter experts at quarterly Board meetings and/or check-in meetings prior to the scheduled Board plenary time where such issues will be discussed.

16. These education sessions will be an important step to building a common knowledge of critical issues relating to climate-related disclosures across the Board. They provide Board members an opportunity to begin thinking through the key issues in advance and support members to be more fully prepared to constructively participate in discussions, to review papers and to make decisions about critical public sector issues.

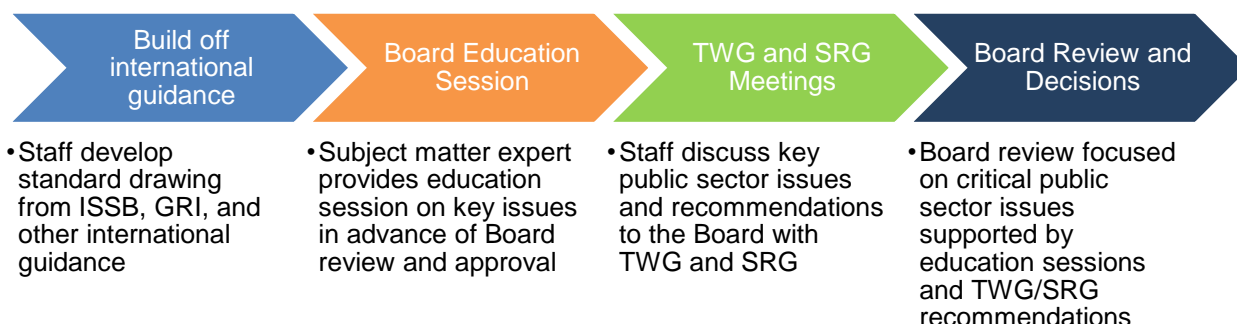
*Leverage Board support arrangements*

17. Given that climate is a technically complex and voluminous topic and there are different levels of sustainability-related experience and expertise within the IPSASB and staff, the Board will need to rely on and leverage the expertise of the TWG and SRG to advance the development of the standard.
18. This process is based on a similar approach followed to develop IPSAS 41, *Financial Instruments*, which was also a highly complex topic, where Board members did not have universally deep knowledge of the technical content. As with the development of IPSAS 41, this approach leverages the technical expertise of the Task Force. This approach was highly effective during the development of IPSAS 41 and it enabled the Board to gain comfort over a specialized topic area and to deliver the guidance in a timely manner.
19. To support the Board's review and approval of ED SRS X, staff will consult the Climate-related TWG on project specific issues and content of the proposed standard and consult the SRG on key strategic issues. Recommendations from the TWG and advice from the SRG will be presented to the Board as part of the related agenda papers and proposals for the draft ED.
20. The Climate TWG will provide project-specific recommendations on key technical matters and assist with development of the content in the climate-related disclosures standard. The TWG will comprise of a small group of climate-related experts and will have frequent meetings each quarter held virtually. The first Climate TWG meeting will be October 18, 2023.
21. The SRG will be a forum where the IPSASB consults representatives of public and/or private sector organizations, or individuals, to obtain:
  - a) High level advice on the IPSASB's sustainability strategy and work program;
  - b) Advice on projects, including views on key technical issues or matters that may impede the adoption or effective implementation of IPSASB sustainability reporting standards; and
  - c) Advice on other matters of relevance to the sustainability standard-setting activities of the IPSASB.
22. Board members are welcome to observe SRG meetings. The SRG's inaugural meeting is set for October 4, 2023.
23. These groups will operate within the IPSASB's current Due Process, and the CAG may be consulted, as needed, as part of the existing process as well.
24. In addition, staff will establish a Sustainability Implementation Forum (SIF) which will be an open public forum to engage preparers, standard setters, assurance providers and other interested parties including indigenous peoples in the development of the public sector sustainability standards. This will be an opportunity to solicit feedback and discuss key implementation issues for consideration in developing the standards and guidance.



## Provisional timeline

25. These activities will recur each quarter to build the requisite knowledge and leverage expertise to prepare the Board for review and approval of the draft ED.



26. Below is a provisional timeline which illustrates how key issues and topics will be addressed in education sessions and TWG and SRG meetings ahead of their review and approval at Board meetings to support the Board's decisions.
27. Based on this, staff expect that approval of the ED will need to be scheduled for September 2024 as opposed to June 2024 per the Climate-related disclosure project brief, however, staff expect to maintain the overall target date for delivery of the final standard by the end of 2025. This revised detailed project timeline is primarily due to the resources currently available and to allow time to address general conceptual foundations needed for sustainability reporting as noted in paragraph 12 above.
28. The timeline and series of activities below may change as the project progresses. Staff will adapt these processes and activities to meet the needs of the project and to manage the efficient use of resources available. For example, meetings with the SRG will be held on an as needed basis to focus on key sustainability strategic issues, and meetings with the TWG may be more or less frequent based on the technical issues and discussions.

	Date	Meeting	Agenda items
2023	September	Board meeting	<ul style="list-style-type: none"> <li>Education session: <ul style="list-style-type: none"> <li>ISSB S1 and S2 (TBC)</li> <li>New Zealand Climate-related Disclosures</li> </ul> </li> <li>Agenda papers: Review project plan and timeline</li> </ul>
	October	SRG meeting	Provide project overview and discuss key issues relating to December draft ED sections
	October and November	TWG meetings	Provide project overview and discuss key issues relating to December draft ED sections
	October	Board check-in	Education session: Impacts and materiality
	December	CAG meeting	Provide project overview and discuss issues (TBC)
	December	Board meeting	<ul style="list-style-type: none"> <li>Agenda papers on key issues - Impacts and Materiality</li> <li>Review draft ED sections: <ul style="list-style-type: none"> <li>Objectives and Scope</li> <li>Conceptual Foundations</li> </ul> </li> </ul>
	January and February	TWG meetings	<ul style="list-style-type: none"> <li>Review Board instructions from December meeting</li> <li>Discuss key issues relating to March sections</li> </ul>

## Agenda Item 13.2.1

	February	SRG meeting	Discuss strategic issues relating to March sections
	February	Board Check-in	Review of actioned drafting instructions from December meeting Education session: TBD
	March	Board meeting	Agenda papers and review draft ED sections: <ul style="list-style-type: none"> <li>○ Governance</li> <li>○ Strategy</li> <li>○ Risk and Impacts Management</li> </ul>
	April and May	TWG meetings	Review Board instructions from March meeting Discuss key issues relating to June sections
	May	SRG meeting	Discuss strategic issues relating to June sections
	May	Board Check-in	Education session: Metrics and Targets
	June	CAG meeting	Issues for discussion: TBC
	June	Board meeting	Agenda papers and review draft ED sections to: <ul style="list-style-type: none"> <li>○ Metrics and Targets</li> <li>○ General Requirements</li> <li>○ Effective Date</li> <li>○ Implementation Guidance</li> </ul>
	July and August	TWG meetings	Review Board instructions from June meeting Finalize full draft ED
	August	SRG meeting	Final input and advice on draft ED
	August	Board Check-in	<b>Review full draft ED</b>
	September	Board meeting	<b>Approval of ED</b>

## Key Public Sector Sustainability Reporting Concepts and Terms

### Question

1. Does the Board agree with the key public sector sustainability reporting concepts and terms to be applied in developing [draft] ED SRS X, Climate-related Disclosures?

### Recommendations:

2. Staff recommend changes to key sustainability reporting terms and definitions listed in paragraph 7 and 8 for applicability to the public sector.

### Background and Analysis

3. Part of the process of leveraging IFRS S1 and IFRS S2 to develop [draft] ED SRS X, Climate-related disclosures is reviewing the terminology and definitions in these standards for their use in the public sector.
4. Staff considered the key sustainability reporting concepts and terms in IFRS S1 and IFRS S2 and identified a number of private sector specific terms and definitions which require modification for the public sector.
5. Proposed terms and definitions for [draft] ED SRS X are drawn from and with consideration of existing IPSASB literature, including the IPSASB Conceptual Framework and IPSAS Glossary of Terms, to address public sector concepts and enhance connectivity and consistency with financial reporting.
6. The following are some initial key sustainability concepts and terms from IFRS S1 and IFRS S2. This is not an exhaustive list. Additional sustainability and climate-specific terms will be presented to the Board reviewed in future quarters.
7. The following IFRS S1 and S2 term for business model was identified which requires modification for the public sector, along with a proposed term for [draft] ED SRS X:

Staff Recommendation for [draft] ED SRS X	IFRS S1 and S2	Rationale
<b>Operational model</b> – An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfill the entity's objectives, by providing goods and/or services.	<b>Business model</b> – An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term.	The term 'operational model' is based on 'operation' as used in IPSAS 40 which is defined as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for the purpose of achieving an entity's objectives, by providing goods and/or services". The term 'operation' is used in place of "business" in IFRS 3.

8. In addition, certain concepts and terms in IFRS S1 and S2 were identified where the terms may be the same for public and private sector, however, the concepts and definitions may be different and

therefore require modification for public sector sustainability standards in accordance with the sustainability scoping framework:

Staff recommendation for [draft] ED SRS X	IFRS S1 and S2	Rationale
<p><b>General purpose financial reports (GPFRs)</b> – Reports that provide financial <i>and non-financial</i> information about a reporting entity that is useful to primary users in making decisions and to enable accountability.</p> <p>General purpose financial reports include—but are not restricted to—an entity’s general purpose financial statements and sustainability-related disclosures.</p>	<p><b>General purpose financial reports (GPFRs)</b> – Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about:</p> <ul style="list-style-type: none"> <li>(a) buying, selling or holding equity and debt instruments;</li> <li>(b) providing or selling loans and other forms of credit; or</li> <li>(c) exercising rights to vote on, or otherwise influence, the entity’s management’s actions that affect the use of the entity’s economic resources.</li> </ul> <p>General purpose financial reports include—but are not restricted to—an entity’s general purpose financial statements and sustainability-related financial disclosures.</p>	<p>The proposed definition is in accordance with chapter 2 of the IPSASB Conceptual Framework which explains how GPFRs provides both: (i) financial information, including information about financial position, performance and cash flows, as well as (ii) non-financial information such as service delivery achievements and prospective financial and non-financial information. This would therefore include sustainability-related financial and non-financial disclosures as well.</p>
<p><b>Primary users of GPFRs (primary user)</b> – Existing and potential service recipients and their representatives and resource providers and their representatives.</p>	<p><b>Primary users of GPFRs (primary user)</b> – Existing and potential investors, lenders and other creditors.</p>	<p>The proposed definition mirrors paragraph 2.4 of Chapter 2 in the IPSASB Conceptual Framework which states that “for the purposes of the Conceptual Framework, the primary users of GPFRs are service recipients and their representatives and resource providers and their representatives.”</p>

<p><b>Reporting entity</b> – A government or other public sector organization, program or identifiable area of activity that prepares general purpose financial reports.</p>	<p><b>Reporting entity</b> – An entity that is required, or chooses, to prepare general purpose financial statements.</p>	<p>The proposed mirrors paragraph 4.1 of Chapter 4 in the IPSASB Conceptual Framework which states that “A public sector reporting entity is a government or other public sector organization, program or identifiable area of activity that prepares GPFRs.”</p>
<p><b>Value chain</b> – The full range of interactions, resources and relationships related to a reporting entity’s <b>operational model</b> and the external environment in which it operates.</p> <p>A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or 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, marketing and distribution channels, such as materials and service sourcing, and <b>service and/or product delivery</b>; and the financing, geographical, geopolitical and regulatory environments in which the entity operates.</p> <p><i>(Modification of IFRS S2 definition italicized for emphasis)</i></p>	<p><b>Value chain</b> – The full range of interactions, resources and relationships related to a reporting entity’s <b>business model</b> and the external environment in which it operates.</p> <p>A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or 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, marketing and distribution channels, such as materials and service sourcing, and <b>product and service sale and delivery</b>; and the financing, geographical, geopolitical and regulatory environments in which the entity operates.</p>	<p>The private sector definition of value chain is largely applicable to the public sector concept. However, slight modification (emphasized in bold italics) is needed to reflect the change in terminology for “business model” to “operational model”, and to adapt “the sale of products and services” in the private sector to “service and/or product delivery” for the public sector.</p>

## Decision Required

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

## [DRAFT] ED SRS X, CLIMATE-RELATED DISCLOSURES

The following is an illustrative outline of the main headings expected in [draft] ED SRS X, Climate-related disclosures, as well as the provisional timing for review of each section for information purposes.

Review December 2023	<b>Objective</b> <b>Scope</b> <b>Definitions</b>	<b>Climate-specific sections</b>
	<b>Conceptual Foundations</b> Qualitative Characteristics Reporting Entity Materiality Connected Information	<b>General sustainability-related sections</b>
	<b>Governance</b> <b>Strategy</b> Climate-related impacts, risks and opportunities Operational model and value chain Strategy and decision making Financial position, financial performance and cash flows Climate resilience <b>Impact and Risk Management</b>	
Review March 2024	<b>Metrics and targets</b> Climate-related metrics Climate-related targets	
	<b>General Requirements</b> Sources of guidance Location of disclosures Timing of reporting Comparative information Statement of compliance <b>Judgments, Measurement Uncertainty, Errors</b>	
Review June 2024	<b>Effective Date and Transition</b>	