

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

**Meeting Location:** Riyadh, Saudi Arabia

**Meeting Date:** December 10–13, 2024

# Agenda Item 10

For:

Approval

Discussion

Information

## SUSTAINABILITY: RESEARCH AND SCOPING

<b>Project summary</b>	To discuss potential future research and scoping projects to inform the IPSASB’s future sustainability work program priorities.	
<b>Project staff lead</b>	<ul style="list-style-type: none"> <li>• Celine Chan, Principal</li> <li>• Karen Leung, Manager</li> </ul>	
<b>Meeting objectives</b> Project management	<b>Topic</b>	<b>Agenda Item</b>
	<a href="#">Sustainability Reporting – Project Roadmap</a>	<a href="#">10.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">10.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">10.1.3</a>
<b>Items requiring feedback at this meeting</b>	<a href="#">Advancing Public Sector Sustainability Reporting – Next Steps</a>	<a href="#">10.2.1</a>
	<a href="#">The IPSASB Conceptual Framework and the IPSASB’s Role in Sustainability Reporting</a>	<a href="#">10.2.2</a>
	<a href="#">Developing Authoritative Guidance based on RPG 1 and/or RPG 3</a>	<a href="#">10.2.3</a>
	<a href="#">General Sustainability-related Disclosures</a>	<a href="#">10.2.4</a>
	<a href="#">Nature-related Disclosures</a>	<a href="#">10.2.5</a>
	<a href="#">Sustainability Reporting – Breakout Session Discussion</a>	<a href="#">10.2.6</a>
<b>Other supporting items</b>	<a href="#">Appendix A: Nature-related Definitions</a>	<a href="#">10.3.1</a>

**SUSTAINABILITY REPORTING  
PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
March 2022	1. Approve Consultation Paper, <i>Advancing Public Sector Sustainability Reporting</i>
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
December 2024	1. Discussion of issues relating to evaluating potential sustainability reporting projects

**INSTRUCTIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Instruction</b>	<b>Actioned</b>
	No instructions to date	

**DECISIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Decision</b>	<b>BC Reference</b>
	No decisions to date	

## Advancing Public Sector Sustainability Reporting – Next Steps

### Purpose

1. The purpose of this paper is to recall research and scoping of sustainability reporting performed in 2023 and look ahead at potential future sustainability reporting standards to inform the IPSASB's work planning activities.

### Background

#### *Consultation Paper – Advancing Public Sector Sustainability Reporting*

2. In January 2022, the World Bank publication – [Sovereign Climate and Nature Reporting: Proposal for a Risks and Opportunities Disclosure Framework](#) – called on the IPSASB to lead a global consultation on developing sustainability reporting standards for the public sector. In May 2022, the IPSASB launched a Consultation Paper (CP) on [Advancing Public Sector Sustainability Reporting](#).
3. In December 2022, based on the strong support received in response to the CP, the IPSASB [confirmed its role in advancing public sector sustainability reporting](#). As a part of developing public sector-specific sustainability reporting guidance, the IPSASB decided to prioritize three topics for further research and scoping, which include:
  - (a) Guidance for general sustainability-related disclosures;
  - (b) Guidance for climate-related disclosures (See paragraphs 4-5); and
  - (c) Natural resources - non-financial disclosures (in parallel with the development of the natural resources financial reporting project).

#### *Research and Scoping - Sustainability Reporting*

4. During the March 2023 Board meeting, the IPSASB discussed research and scoping of key issues from CP feedback and decided that scoping of potential initial sustainability reporting projects should proceed using a framework based on:
  - (a) **CP and feedback**, which highlighted global public interest in the topic and the capital market significance of the public sector;
  - (b) **IPSASB Conceptual Framework**, which provides a conceptual lens and gives us a linkage to concepts that the IPSASB applies in developing standards;
  - (c) The **ISSB** global baseline, given commonalities with IFRS and key principles as well as the significance of sovereign bonds in global bond markets and the importance of maintaining access to capital markets; and
  - (d) **GRI Standards**, which provides a multi-stakeholder perspective on an organization's most significant impacts on the economy, environment, and people.



5. Following research and scoping, the IPSASB decided to move forward with the development of a public sector specific Climate-related Disclosures standard in June 2023. In September 2024, the [IPSASB SRS ED 1, \*Climate-related Disclosures\*](#) was approved for public consultation.

### *Next Priority Sustainability Research and Scoping Projects*

6. Significant progress has been made since the IPSASB's decision in December 2022 to confirm its role in advancing public sector sustainability reporting and prioritize the three research and scoping projects (see paragraph 3 above). In addition to recent developments in the sustainability landscape, the IPSASB has gained valuable insights through its experience in developing IPSASB SRS ED 1.
7. Therefore, at this stage, staff propose to reflect on the initial prioritized research and scoping projects, while considering recent developments and potential opportunities for other priority projects. Staff acknowledge that considerable work remains to be done leading up to the final pronouncement of IPSASB SRS 1. The purpose of this discussion is to inform the IPSASB's next work program consultation, to guide the IPSASB's future decisions on future potential sustainability standard setting projects following the completion of the final pronouncement of IPSASB SRS X, *Climate-related Disclosures*.
8. The two remaining projects (General and Nature) which the IPSASB has not yet undertaken research and scoping activities were discussed with the IPSASB Sustainability Reference Group (SRG) to seek advice to inform decisions on prioritization, expected challenges and other project-related decisions still to be taken.
9. At the SRG meeting, external speakers from the ISSB and GRI provided an overview about their current standards, namely IFRS S1 and GRI 101: Biodiversity 2024 respectively, and ISSB also provided an overview of the current status of their ongoing Biodiversity, Ecosystem, and Ecosystem Services (BEES) research project (see paragraph 4-5 of [Agenda Item 10.2.5](#) for more details on the status of the ISSB project).
10. Some comments and key messages from the SRG included:
  - (a) The importance of social issues for the public sector;
  - (b) The importance of the public sector role as it relates to nature, but also acknowledging the complexity of reporting on nature and the continuing development of reporting frameworks related to nature; and
  - (c) The need to seek user feedback and direction to determine priority, usefulness and needs with regards to the next sustainability project.

### **Analysis**

11. The research and scoping assumptions applied by IPSASB in 2023 (see paragraph 4 above) provide an important foundation and reference point as the Board considers potential future sustainability reporting projects. In particular, building on the IPSASB Conceptual Framework provides a key conceptual lens to guide the IPSASB in assessing future sustainability projects (see analysis and discussion in [Agenda Item 10.2.2](#)).
12. In addition, in accordance with the [IPSASB Strategy and Work Program 2024-2028](#), staff evaluated the potential projects against the Criteria for Project Prioritization which are:

- (a) **Prevalence:** Whether the issue is widespread globally amongst public sector entities;
  - (b) **Consequences:** Whether the issue impairs the ability of the GPFS and GPFR to provide useful information for accountability and decision-making;
  - (c) **Urgency:** Whether the issue has recently gained prominence and therefore requires consideration in the near term; and
  - (d) **Feasibility:** Whether a technically sound solution to the issue can be developed within a reasonable time period and current resource constraints without impacting adversely on the completion of other projects.
13. The following agenda papers present the results of this analysis for three potential projects, including the projects prioritized for further research and scoping in December 2022:
- (a) **Developing authoritative guidance based on RPG 1 and/or RPG 3** (see [Agenda Item 10.2.3](#)): Staff propose this project would be feasible while having a potentially high impact in terms of addressing the pressing need for clear, authoritative guidance on reporting long-term fiscal sustainability and/or service performance in the public sector by building on the IPSASB's existing non-mandatory guidance, RPG 1 and RPG 3;
  - (b) **General sustainability-related disclosures** (see [Agenda Item 10.2.4](#)): Drawing on the IFRS S1 private sector guidance, staff propose this project may be feasible given IFRS S1 provides a foundation to build on to meet the need for broader sustainability reporting reflecting the broad role and responsibilities of the public sector. However, staff acknowledge the complexity and challenges of whether / how to address broader sustainability-related topics, across social, economic and environmental risks and opportunities, which will require careful consideration in scoping; and
  - (c) **Nature-related Disclosures** (see [Agenda Item 10.2.5](#)): Drawing on international nature-related frameworks and emerging private sector guidance, staff propose that although nature is a prevalent and urgent issue, and the role of the public sector as a steward of nature is critical, feasibility of this project in a reasonable timeframe may be challenging. Although it should be possible to build on private sector guidance (see paragraph 4) delivery of guidance meeting the public sector's needs is likely to be complex, as ISSB research into nature-related reporting is still at a relatively early stage and other sources of guidance continue to be developed internationally, both for reporting in GPFRs and for statistical reporting frameworks.

### Decisions Required

14. For information and discussion only. No decision required.

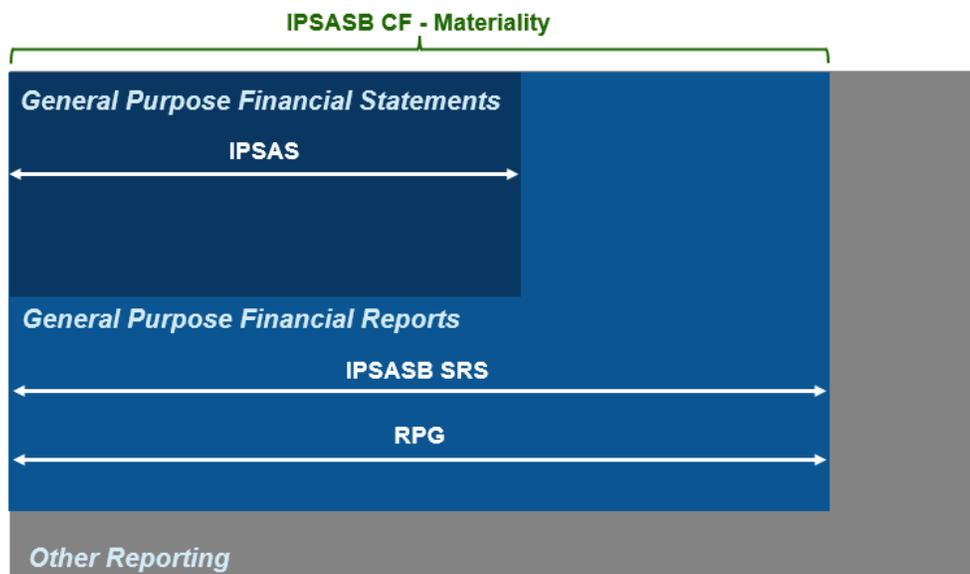
## The IPSASB Conceptual Framework and the IPSASB's Role in Sustainability Reporting

### Purpose

1. The purpose of this paper is to outline the IPSASB's remit and role in advancing public sector sustainability reporting, in the context of the IPSASB Conceptual Framework, to inform research and scoping of future sustainability reporting projects.

### Background

2. The IPSASB's strategic objective is strengthening Public Financial Management (PFM) and sustainability development globally through increasing adoption and implementation of accrual IPSAS and international public sector sustainability reporting standards.
3. In delivering on the IPSASB's strategic objective, the IPSASB develops standards and guidance for reporting within General Purpose Financial Reports (GPFRs). This is stated in the IPSASB's Terms of Reference and the Preface to International Public Sector Accounting Standards that "the objective of the IPSASB is to serve the public interest by developing high-quality accounting and other publications for use by public sector entities around the world in the preparation of GPFRs".
4. In fulfilling its mandate, the IPSASB develops public sector standards for reporting in both GPFs and GPFRs. Below is an illustration of that remit with reference to broader reporting outside of GPFRs:



### Objectives and users of general purpose financial reporting

5. Paragraph 2.1 of the IPSASB Conceptual Framework (IPSASB CF) states that:

*The objectives of financial reporting by public sector entities are to provide information about the entity that is useful to users of GPFs for accountability purposes and for decision-making purposes.*

6. Paragraph 2.4 explains how the primary users of GPFs are 'service recipients and resource providers', followed by paragraph 2.8, which describes the types of information public sector entities should produce in order to discharge their accountability obligations:

*Governments and other public sector entities are accountable to those that provide them with resources, and to those that depend on them to use those resources to deliver services during the reporting period and over the longer term. The discharge of accountability obligations requires the provision of information about the entity's management of the resources entrusted to it for the delivery of services to constituents and others, and its compliance with legislation, regulation, or other authority that governs its service delivery and other operations. Given the way in which the services provided by public sector entities are funded (primarily by taxation revenues or other non-exchange transactions) and the dependency of service recipients on the provision of those services over the long term, **the discharge of accountability obligations will also require the provision of information about such matters as the entity's service delivery achievements during the reporting period, and its capacity to continue to provide services in future periods.***

7. As outlined in paragraph 2.29 to 2.30, the IPSASB CF extends to GPFs, which are broader than GPFs, while financial statements remain at the core of financial reporting:

*The scope of financial reporting establishes the boundary around the transactions, other events and activities that may be reported in GPFs. To respond to the information needs of users, the Conceptual Framework reflects a scope for financial reporting that is more comprehensive than that encompassed by financial statements. It provides for the presentation within GPFs of additional information that enhances, complements, and supplements those statements.*

*While the Conceptual Framework reflects a scope of financial reporting that is more comprehensive than that encompassed by financial statements, information presented in financial statements remains at the core of financial reporting.*

8. Therefore, when considering the information needs and the scope of future sustainability reporting projects, primary users may also need to consider information from other sources for sustainability-related information, beyond GPFs. This is acknowledged in the IPSASB CF which states in paragraph 2.31:

*GPFs play a significant role in communicating information necessary to support the discharge of government's or other public sector entity's obligation to be accountable, as well as providing information useful as input for decision-making purposes. However, **it is unlikely that GPFs will provide all the information users need for accountability and decision-making purposes...**Governments and independent agencies also issue reports on the need for, and sustainability of, existing service delivery initiatives and anticipated economic conditions and changes in the jurisdiction's demographics over the medium and longer term that will influence budgets and service delivery needs in the future. Consequently, primary users may also need to consider information from other sources, including reports on current and anticipated*

*economic conditions, government budgets and forecasts, and information about government policy initiatives not reported in GPFs.*

Responding to user information needs

9. While GPFs and the IPSASB CF reflect a scope of financial reporting that is more comprehensive than that encompassed by financial statements, information presented in financial statements remains at the core of financial reporting (IPSASB CF paragraph 2.30). Paragraphs 2.14 to 2.28 of the IPSASB CF outline the types of information provided by GPFs, including information about:
  - (a) Financial position, financial performance and cash flows;
  - (b) The extent financial results and cash flows comply with approved budgets and adhere to relevant legislation or other authority governing the raising and use of resources;
  - (c) Financial and non-financial information about service delivery activities, achievements and/or outcomes;
  - (d) Prospective financial and non-financial information such as anticipated future service delivery activities and objectives, their likely impact on the future resource needs and sources of funding; and
  - (e) Other explanatory information that enhances, complements and supplements financial statements, such as the underlying factors and assumptions that underpin financial and service delivery performance during the reporting period or prospective expectations.
10. Therefore, the IPSASB's remit and role in advancing public sector sustainability reporting relative to the overall reporting landscape is important as it:
  - (a) Guides the analysis and scoping of future potential sustainability projects, for example, in considering the extent of sustainability-related information that falls within GPFs such that it enhances, complements and supplements the financial statements; and
  - (b) Clarifies the positioning and coverage of IPSASB SRS in the sustainability reporting landscape, and how these standards would fit with other existing IPSAS pronouncements such as Recommended Practice Guidelines (RPGs).

**Decisions Required**

11. For information and discussion only. No decision required.

## **Developing Authoritative Guidance based on RPG 1 and /or RPG 3**

### **Purpose**

1. The purpose of this paper is to provide an analysis and considerations for research and scoping of a potential project that builds on existing IPSASB sustainability-related literature. The aim is to inform the Board's discussion on prioritizing future projects within the IPSASB's sustainability work program.

### **Background**

2. In 2013, the IPSASB published [RPG 1 Reporting on the Long-term Sustainability of an Entity's Finances \(RPG 1\)](#), which provides a framework for the reporting and disclosure of information related to the long-term fiscal sustainability of governmental programs. Subsequently, in 2015, the IPSASB published [RPG 3 Reporting Service Performance Information \(RPG 3\)](#), introducing a principles-based approach for reporting service performance information that focuses on meeting the needs of users.
3. When RPG 1 and RPG 3 were developed, the IPSASB decided that entities should be encouraged to follow the RPG Guidelines, as they represent good practice, but should not be required to comply with the RPG Guidelines in order to assert that their financial statements comply with IPSAS. This was a pragmatic decision at that point in time, based on several factors:
  - (a) The auditability of IPSAS compliant financial statements if RPG guidelines were decided to be authoritative guidance as part of the IPSAS suite of standards;
  - (b) The practice of long-term fiscal sustainability reporting was still evolving, and the IPSASB aimed to foster innovation and flexibility rather than impose rigid standards; and
  - (c) Service performance reporting was also not yet sufficiently developed to support authoritative guidance.
4. Since the RPG Guidelines were first published, there have been a number of developments and changes that suggest they may be considered for research and scoping as a potential future project(s) within the IPSASB's sustainability work program. These developments include:
  - (a) *Approval of the [IPSASB Conceptual Framework \(IPSASB CF\)](#):*

In October 2014, the IPSASB approved the IPSASB CF, which serves as a foundational framework underpinning the development of the IPSAS Standards, IPSASB SRS Standards and RPG Guidelines. This framework has significantly improved consistency in standard setting and reshaped the landscape for public sector financial reporting;
  - (b) *Additional non-authoritative guidance published to address sustainability program information in RPG 1 and RPG 3:*

In response to the urgent need for public sector sustainability reporting, the IPSASB considered the applicability of RPG 1 and RPG 3 to reporting sustainability program information. As a result, in 2023 the IPSASB published [Reporting Sustainability Program Information—Amendments to RPGs 1 and 3: Additional Non-Authoritative Guidance](#), which offers additional guidance to facilitate the reporting of sustainability program information;
  - (c) *Decision to make IPSASB SRS a separate suite of standards:*

In June 2023, the Board decided that IPSASB SRS should be issued as authoritative standards that should be separate from the current suite of IPSAS. The development of a separate suite of standards allows for the opportunity to consider making RPG 1 and /or RPG 3 into authoritative guidance, separate from IPSAS Standards; and

- (d) *Publication of [International Standard on Sustainability Assurance \(ISSA\) 5000, General Requirements for Sustainability Assurance Engagements](#).*

In November 2024, the International Auditing and Assurance Standards Board (IAASB) approved the first comprehensive international standard focused on sustainability assurance, ISSA 5000. It builds on the IAASB's existing standards, particularly the IAASB's International Standard on Assurance Engagements 3000 (Revised), and is designed to cover the wide range of sustainability information that organizations report—from climate-related risks and emissions data to social and governance metrics.

5. These recent developments highlight the significant progress made since the original development of the RPG Guidelines and suggest that the reporting landscape is now appropriate to support the development of authoritative guidance for reporting on long-term fiscal sustainability and service performance.
6. Further, the focus of the RPG Guidelines on an entity's service performance and long-term fiscal sustainability is aligned with the IPSASB's remit (see [Agenda Paper 10.2.2](#)) and its objective to develop standards and guidance for reporting within General Purpose Financial Reports (GPFs).

## Analysis

### *Prevalence*

7. Long-term fiscal sustainability and service delivery are applicable to all public sector entities and are directly relevant to public sector sustainability reporting. As governments around the world are experiencing heightened financial strain, exacerbated by the escalating costs of climate-related impacts, there are increasing demands for public sector entities to disclose a broad range of performance indicators and provide disclosures on its long-term fiscal sustainability.

### *Consequences*

8. Though RPG 1 and RPG 3 provide a useful framework for entities in reporting sustainability program information, without an authoritative requirement, many entities lack the urgency necessary for effective reporting, resulting in limited adoption and implementation of RPG 1 and RPG 3.
9. Authoritative guidance is essential to address this gap by steering public sector entities towards consistent and comparable reporting, providing useful information on long-term fiscal sustainability and service performance for accountability and decision-making.
10. The IPSASB CF also highlights this need, as paragraph 2.8 states that “the discharge of accountability obligations will also require the provision of information about such matters as the entity's service delivery achievements during the reporting period, and its capacity to continue to provide services in future periods”.

## *Urgency*

11. Reporting on long-term fiscal sustainability is becoming increasingly critical given the significant investment needed to address sustainability-related risks and invest in sustainability-related opportunities, which will require resources and funding including from capital markets.
12. Disclosures on service performance and long-term fiscal sustainability would focus governments on the efficient use of resources and the trade-offs required given competing priorities and resource limitations. They would also help public sector entities in securing the external funding needed to address sustainability-related risks and opportunities, by creating market confidence, so ensuring the public sector's continued access to a critical financing stream through capital markets.

## *Feasibility*

13. Staff are of the view that technically sound solutions can be developed within a reasonable time period and resource constraints, in consideration of the following:
  - (a) **Existing IPSASB literature:** RPG 1 and RPG 3 would serve as a strong foundation for these potential standards. Given the differences in nature of RPG 1 and RPG 3, staff propose that if it were to proceed, IPSASB should develop authoritative standards for RPG 1 and RPG 3 through two separate standard setting projects, which could be added together or separately to the IPSASB sustainability work program based on prioritization and resources.
  - (b) **IPSASB CF Developments:** The approval of the IPSASB CF since the development of the RPG Guidelines provides a framework to follow in development of standards for reporting in GPFs that can be followed to guide and underpin the development of the RPG Guidelines into authoritative standards.
  - (c) **Evolving context and international progress:** Significant international progress has been made since the publication of RPG 1 and RPG 3. In some jurisdictions, reporting on an entity's long-term fiscal sustainability and service performance have moved beyond early, premature stages, some of which drew from the RPG. For instance, New Zealand's publication of [PBE FRS 48, Service Performance Reporting](#), in 2017, drew on the principles outlined in RPG 3, demonstrating the feasibility of an authoritative standard on the area. Therefore, if it were to develop authoritative standards based on the RPG Guidelines, the IPSASB could also consider developments in jurisdictional reporting.

## **Decisions Required**

14. For information and discussion only. No decision required.

## **General Sustainability-related Disclosures**

### **Purpose**

1. The purpose of this paper is to provide an analysis and considerations for research and scoping of a potential project on general sustainability-related disclosures. The aim is to inform the Board's discussion on prioritizing future projects within the IPSASB's sustainability work program.

### **Background**

2. As global priorities shift towards sustainable development, the public sector faces growing pressure to develop consistent and comparable sustainability reports to meet the needs of users of public sector reports and enable better transparency, accountability and decision-making.
3. The CP specifically identified key factors driving the need for public sector sustainability reporting, including:
  - (a) The growing global interest on the role of the public sector in sustainable development, particularly in consideration of the increasingly imminent targets in the [2030 Agenda for Sustainable Development](#);
  - (b) The vital role public sector sustainability reporting plays in aligning financial flows with global sustainability objectives. Advancing sustainability reporting is essential for maintaining the public sector's access to capital markets, which are likely to be a critical source of finance given the extent of the investments required; and
  - (c) The current lack of a public sector-specific overarching sustainability reporting standard to provide a tailored approach that reflects the unique role and responsibilities of public sector entities.
4. The CP proposed the IPSASB would address general requirements for sustainability-related information and climate-related disclosures building off the ISSB Standards as its first topics and received strong support for this proposal from constituents.
5. Based on this, in December 2022, the Board decided to include General Sustainability-related Disclosures as one of its priority topics for research and scoping. This decision will guide the development of research and scoping, taking into account the scoping assumptions framework (see [Agenda Item 10.2.1](#) paragraph 4), considering feedback from CP responses, leveraging the IPSASB Conceptual Framework, and drawing from relevant private sector guidance where appropriate.

### **Analysis**

#### *Prevalence*

6. Sustainability is fundamental to all aspects of the public sector's activities due to its broader societal role and responsibilities. Sustainability-related risks and opportunities are therefore pervasive across the entire public sector's activities, ranging from service delivery to policy design and implementation, and encompass social, economic and environmental issues.

## *Consequences*

7. Comprehensive guidance on sustainability-related disclosures would help public sector entities provide adequate information on social, economic, and environmental sustainability for accountability and decision-making. Sustainability-related risks need to be adequately disclosed and integrated into general purpose financial reports to inform primary users on the critical role of the public sector across all areas of sustainability.

## *Urgency*

8. While sustainability is often associated with environmental sustainability, it is essential to recognize that all three pillars of sustainability—social, economic, and environmental sustainability (as outlined in the 2012 United Nations (UN) document – [The Future We Want](#) and which also form the foundations of the [UN Sustainable Development Goals](#) (SDGs)), are interdependent and critical to the long-term stability of public sector operations and public sector value creation.
9. Responses to the CP and the IPSASB's 2024-2028 Strategy and Work Program ([June 2024 Agenda Item 11.2.5](#)), as well as SRG members, emphasized the importance of government's responsibilities in delivering programs to address urgent social issues. These drive the need for social sustainability disclosures, especially for developing countries, to ensure a just and equitable transition.
10. In the absence of specific standards, a general sustainability-related disclosures standard could provide early help in addressing the needs relating to other specific sustainability-related topics.

## *Feasibility*

11. Drawing on the IPSASB's experience with building on IFRS S2 to develop the IPSASB SRS ED 1, the Board will need to determine whether a technically sound solution is feasible for the project, while balancing the following factors:
  - (a) **Existing private sector guidance:** Based on responses from the CP, the IPSASB decided that [IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) (IFRS S1) could be leveraged in developing a public sector specific general sustainability-related disclosures standard. While IFRS S1 is not tailored to the public sector and does not address the unique policy and regulatory role of the public sector, the existing guidance provides a foundation that can be adapted for public sector context.
  - (b) **Approach to IPSASB SRS ED 1:** Given the ongoing public consultation on IPSASB SRS ED 1, which incorporates parts of IFRS S1, it may be prudent to consider the responses to this consultation before determining whether the Board's well-established approach to adapting private sector financial reporting guidance for the public sector also works for sustainability reporting, and whether the need for a general standard should take precedence over addressing other topics.
  - (c) **Scoping challenges:** Given the core function of the public sector and its broader role and responsibilities relating to society, the economy and environment, developing a general sustainability-related disclosures standard for the public sector requires careful consideration in terms of its breadth and scope in respect of such complex topics, alongside interoperability issues with other existing sets of guidance.

- (d) **Ability to implement:** Due to the ongoing transition of many jurisdictions to accrual accounting, implementing a broad-based sustainability-related disclosures standard at the same time may not be feasible for many public sector entities;
- (e) **IPSASB remit:** The IPSASB's remit includes developing public sector standards for reporting in both GPFs and GPFRs (see [Agenda Item 10.2.2](#)), but the IPSASB would need to consider its remit in the context of the broader reporting landscape, and the guidance already available. Decisions would then be required on the extent of sustainability-related information that should be included within GPFRs such that they that enhance, complement and supplement the GPFs.

### Decisions Required

- 12. For information and discussion only. No decision required.

## Nature-related Disclosures

### Purpose

1. The purpose of this paper is to provide an analysis and considerations for research and scoping of a potential project on nature-related non-financial disclosures. The aim is to inform the Board's discussion on prioritizing future projects within the IPSASB's sustainability work program.

### Background

2. In December 2022, the IPSASB decided to include Natural Resources Non-Financial Disclosures as a priority project for research and scoping in parallel with the development of the natural resources financial reporting project. The [IPSASB ED 92, Tangible Natural Resources](#), which was published for public consultation in October 2024, proposed new public sector specific financial reporting guidance on the recognition, measurement, display and disclosure of tangible natural resources. The disclosures provided through the implementation of this standard could form a useful start point for a project in this area.
3. Following climate-related reporting, nature has become one of the current focuses in the sustainability reporting landscape. An increasing number of frameworks and standards have been published with the growing importance of nature-related disclosures, in chronological order:
  - (a) The [UN System of Environmental-Economic Accounting \(SEEA\) 2012 Central Framework](#), an international statistical standard for environmental-economic accounting, for understanding the interaction between the economy and environment;
  - (b) The [Natural Capital Protocol](#), published in January 2021, which is a framework that enables organizations to identify, measure and value their impacts and dependencies on natural capital, supporting decision-making;
  - (c) The [Kunming-Montreal Global Biodiversity Framework \(GBF\)](#), a portfolio of [high-level international targets](#) related to halting and reversing biodiversity loss, adopted in December 2022 and committed by 196 countries;
  - (d) The [Taskforce on Nature-related Financial Disclosures \(TNFD\) Recommendations](#), a framework for entities to report on nature-related dependencies, impacts, risks and opportunities fully aligned with the GBF, published in September 2023 currently with [500 organizations committed to voluntary adoption](#); and
  - (e) The [GRI 101: Biodiversity 2024](#), a topic standard focused on biodiversity and ecosystem services, preceded by the GRI 304: Biodiversity 2016 which was updated to align with TNFD and other developments in nature reporting, was published in January 2024 and will be effective January 2026.
4. In addition, the ISSB is undertaking a research project on [Biodiversity, Ecosystems and Ecosystem Services \(BEES\)](#), which began in April 2024. Based on the ISSB staff presentation to the SRG, the BEES project is currently in Phase 1, which focuses on building a foundational understanding, with an emphasis on investor needs and existing frameworks. This phase aims to establish a baseline before advancing into Phase 2, which will analyze the implications of the project and assess whether the information required by IFRS S1 meets the common information needs of users.

5. On concluding Phase 2, the ISSB would decide whether further action is required and if so, what areas to focus on. This could be a decision to begin standard-setting and develop a consultation document. The timing of these phases will be determined in due course, based on the findings and analysis.

## Analysis

### *Prevalence*

6. The [World Economic Forum's 2023 Global Risks Report](#) states that “biodiversity loss and ecosystem collapse” is expected to be one of the top five more severe global risks over the next decade. The report also outlines the interconnectedness of climate change mitigation, food insecurity and biodiversity degradation.
7. In response, nature-related disclosures have gained significant global momentum. There is an increasing demand that public sector entities disclose information about their interactions with nature, with many governments making public commitments to address environmental challenges. SRG members highlighted that the public sector is a key success factor in nature-related issues, in particular addressing biodiversity loss. Unlike the private sector, the public sector serves as a key data provider for biodiversity indicators.

### *Consequences*

8. The public sector is increasingly held accountable for managing nature-related risks and opportunities, given its role as a steward of nature. Nature-related disclosures would enhance transparency through an increased availability of nature-related information, enabling primary users to make informed decision on nature-related topics.

### *Urgency*

9. The Kunming-Montreal Global Biodiversity Framework has set [ambitious targets for 2030](#), with the timeline rapidly approaching. Nature is a key asset for public sector entities, and standard setters play a critical role in enabling progress towards these international goals. Failing to address nature-related disclosures at this point in time could result in missed opportunities to align with global sustainability efforts and expose public sector entities to increased risks that threaten long-term fiscal sustainability due to nature-related degradation.
10. However, despite this growing recognition, there is yet to be an international nature-related disclosures standard for the public sector.

### *Feasibility*

11. Staff are of the view that the Board should carefully assess whether a technically sound solution within a reasonable time period and resource constraints is feasible for the project, in consideration of the following factors:
  - (a) **Existing private sector guidance:** Although significant research has already been undertaken by organizations such as the IUCN, WWF, and The Nature Conservancy, the development of relevant private sector guidance is relatively recent (i.e. the TNFD framework and GRI standard were just published in 2023 and 2024, respectively) and is still evolving (i.e. the ISSB research project on [Biodiversity, Ecosystems and Ecosystem Services \(BEES\)](#) continues to be ongoing

without a set timeline to begin the standard-setting process), indicating that the landscape and requirements for private sector nature-related disclosures have further to develop;

- (b) **Connection to IPSAS:** Given the ongoing [IPSASB ED 92, \*Tangible Natural Resources\*](#) public consultation, and the expected relevance of the topic, it may be prudent for the IPSASB to consider responses, insights learned from the area, and the potential extent of connected information before proceeding with a project on nature-related disclosures;
- (c) **Scoping challenges:** The scope of nature is broad, and technically complex, with various interconnected strands across nature, society and the economy. The IPSASB would have to consider an appropriate scope of a nature-related disclosures standard that would address public sector primary users' information needs, alongside interoperability with other guidance, including UN SEEA and other statistical reporting. The existing frameworks (see paragraph 3) generally establish their scope and requirements based on broad terms, such as "nature-related", "biodiversity", "ecosystem services", and "natural capital", each with its own focus. These terms are further explained in [Appendix A: Nature-related Definitions](#).
- (d) **Ability to Implement:** Recent updates from the [ISSB BEES project](#) revealed that most jurisdictions responding to their engagement process already have mandatory, industry-agnostic BEES-related disclosure requirements in place, with the most common mandatory disclosure requirements being water, waste, and biodiversity. However, despite the prevalence of mandatory nature-related disclosures within jurisdictions, SRG members cautioned that the IPSASB should be mindful of the potential challenges involved in such a project, citing the implementation difficulties being experienced in Europe with the ESRS biodiversity standards due to the need for highly specific metrics.

### Decisions Required

- 12. For information and discussion only. No decision required.

## **Sustainability Reporting – Breakout Session Discussion**

### **Purpose**

1. This paper provides the background and questions for IPSASB members and their technical advisors to consider in preparation for breakout group discussions during the December meeting.
2. The purpose of the breakout session discussion is to enable IPSASB members and technical advisors to provide preliminary feedback, based on the IPSASB's Criteria for Project Evaluation, to assess which potential sustainability reporting projects would provide the most significant public interest benefits considering the needs of primary users while being deliverable within a reasonable timeframe given the limitations on the Board's available resources.

### **Breakout Group Discussions**

3. At the December 2024 meeting, the IPSASB, Technical Advisors, and Observers will be allocated to breakout groups to discuss the future projects within IPSASB's sustainability work program. Key insights from the breakout groups will be reported back in session to the IPSASB and will be used by staff to consider next steps in the research and scoping phase for these projects.
4. Each breakout group will discuss all three topics and report back on an allocated topic:
  - (a) Developing authoritative guidance for RPG 1 and/or RPG 3 ([Agenda Item 10.2.3](#));
  - (b) General sustainability-related disclosures ([Agenda Item 10.2.4](#)); and
  - (c) Nature-related disclosures ([Agenda Item 10.2.5](#)).

### **Questions**

5. As noted above, each breakout group will discuss all three topics. While discussions will be fluid, key feedback reported back to the IPSASB in session will be focused on the IPSASB's criteria for project prioritization and the following questions:

#### *General Project Prioritization*

- Overall, based on the IPSASB's criteria for project prioritization, how would you evaluate the three potential projects against the following criteria:
  - **Prevalence:** Whether the issue is widespread globally amongst public sector entities;
  - **Consequences:** Whether the issue impairs the ability of the GPFS and GPFR to provide useful information for accountability and decision-making;
  - **Urgency:** Whether the issue has recently gained prominence and therefore requires consideration in the near term; and
  - **Feasibility:** Whether a technically sound solution to the issue can be developed within a reasonable time period and current resource constraints without impacting adversely on the completion of other projects.
- What would be the key benefits expected in proceeding with each topic?

- What would be the key challenges expected in proceeding with each topic?
- What additional research is needed to support a decision to begin the next IPSASB SRS project?

6. In addition, breakout groups may consider the following topic specific questions in discussions:

*Developing authoritative guidance for RPG 1 and RPG 3 ([Agenda Item 10.2.3](#))*

- From your experience and observation, do the factors in the Board's original decisions that RPG 1 and RPG 3 be non-authoritative guidance continue to be prevalent? In particular, to what extent have practices in reporting long-term fiscal sustainability and service performance information evolved over the past decade within the public sector?
- What additional elements or changes do you think would be needed to develop RPG 1 and RPG 3 into IPSASB SRS standards – e.g. objective, scope, governance, strategy, risk management and metrics and targets?

*General sustainability-related disclosures ([Agenda Item 10.2.4](#))*

- To what extent would general sustainability-related disclosures for the public sector differ from those in the private sector?
- To what extent would a broad, standardized approach to general sustainability-related disclosures be practical and / or feasible for the public sector?
- How important is it that the IPSASB develops a general sustainability-related disclosures standard compared with the other potential projects?

*Nature-related disclosures ([Agenda Item 10.2.5](#))*

- Given the breadth and diversity of nature-related issues and definitions, which nature-related topics do you think are the most critical for the role of the public sector – e.g. biodiversity, ecosystems, ecosystem services, land, water, waste, etc.?
- Considering existing IPSASB resources and the current status of international frameworks, how feasible would it be for IPSASB to proceed at an early stage with a project on this topic?

## Appendix A: Nature-related Definitions

- Given the breadth of nature, existing frameworks and standards have different scopes for nature-related reporting and use different terms, such as "nature-related", "biodiversity", "ecosystem services", and "natural capital", each with its own focus and/or nuanced differences.
- For example, the definitions below from the TNFD glossary illustrate the complexity and nuances that need to be considered in research and scoping of a potential nature-related project.
  - Nature** refers to the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.
  - Natural capital** is the stock of renewable and non-renewable natural resources, such as plants, animals, air, water, soils and minerals, that combine to yield a flow of benefits to people.
  - Environmental assets** refer to the naturally occurring living and non-living components of the Earth, together constituting the biophysical environment, which may provide benefits to humanity.
  - Biodiversity** is the variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems
  - An **ecosystem** is a dynamic complex of plant, animal and microorganism communities and the non-living environment that interacts as a functional unit.
  - Ecosystem services** is the contributions made by ecosystems that benefit economic and other human activity.
- Further, the diagram below, from the TNFD Recommendations, highlights the complexity and interconnectivity of the relationship between these terms, and the interaction with society and economy.

