

The background of the slide is a photograph of a suspension bridge stretching across a deep valley. The bridge has a wooden deck and metal railings. The valley is filled with dense green trees, and the sky is overcast. A green rectangular border frames the title text on the left side of the image.

# PUBLIC SECTOR SUSTAINABILITY REPORTING – LATEST DEVELOPMENTS

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August 16, 2023

# Public Sector Sustainability Reporting: Latest developments

The call for public sector specific sustainability reporting

What we heard

How the IPSASB is responding

# Advancing Public Sector Sustainability Reporting

January  
2022

**World Bank Report – Sovereigns bond markets significance**

May  
2022

**IPSASB Publishes Consultation Paper**

Sept  
2022

**Initial response analysis**

Dec  
2022

**IPSASB Confirms Role and Initial Potential Projects**

H1  
2023

**Research and Scoping Phase**

June  
2023

**IPSASB Begins Climate-related Disclosures Standard project**

# The Need for Public Sector Sustainability Standards

## Global public interest

- Urgency of addressing climate change
- Public sector action is needed

## Economic, environmental, social, and governance

- >40% of GDP in 2019<sup>1</sup>
- >20% of employment<sup>2</sup>

## Capital markets

- Almost 40% of US\$100 trillion global bond market<sup>3</sup>

<sup>1</sup>OECD report "Governments at a Glance 2021"

<sup>2</sup>World Bank GovData360 on "Public sector employment as a share of total employment"

<sup>3</sup>World Bank 2022 report "Sovereign Climate and Nature Reporting: Proposal for a Risks and Opportunities Disclosure Framework"

# The Challenges for Public Sector Sustainability Reporting

Existing guidance...

...does not meet the needs of public sector



GREENHOUSE  
GAS PROTOCOL



Differences in public sector focus

Challenges in applying private sector guidance

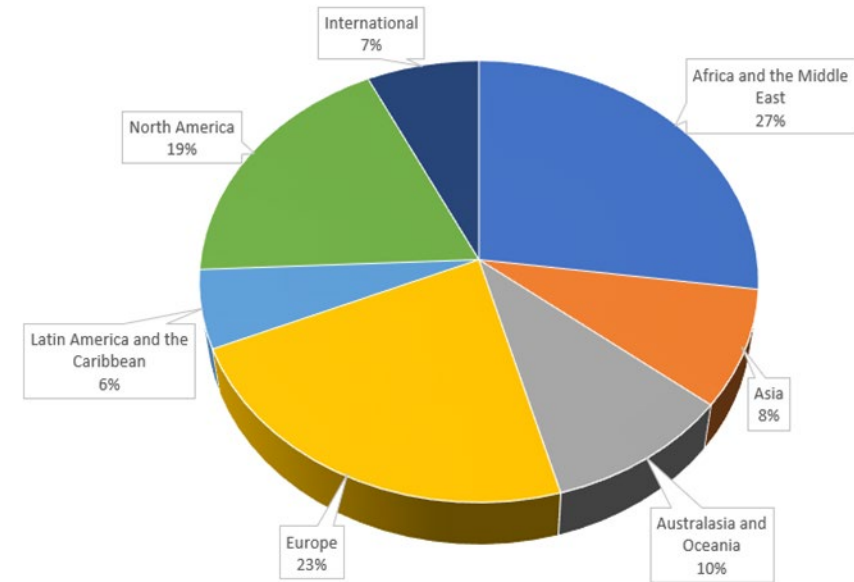
- Multi-stakeholder needs
- Policy and regulatory role of public sector entities

# Responses to Consultation Paper

## Regional Roundtables

	Countries	Attendees
Europe	30	49
Latin America	36	127
Africa	15	132
Africa (Francophone)	12	88
Asia	34	96
<b>Global Totals</b>	<b>127</b>	<b>492</b>

## 70 Written Responses



## CAG Advice

Members	Functional Backgrounds
25	8 (including users)

## Public Sector Standard Setters Forum

Attendees	Jurisdictions
107	36

# Addressing Stakeholder Priorities

SDGs Scope Social  
Environment  
Climate  
Governance

auditability indigenous differentiated

1

General Requirements for Disclosure of Sustainability-related Financial Information

2

Climate-related disclosures

3

Natural Resources (Non-financial reporting guidance)

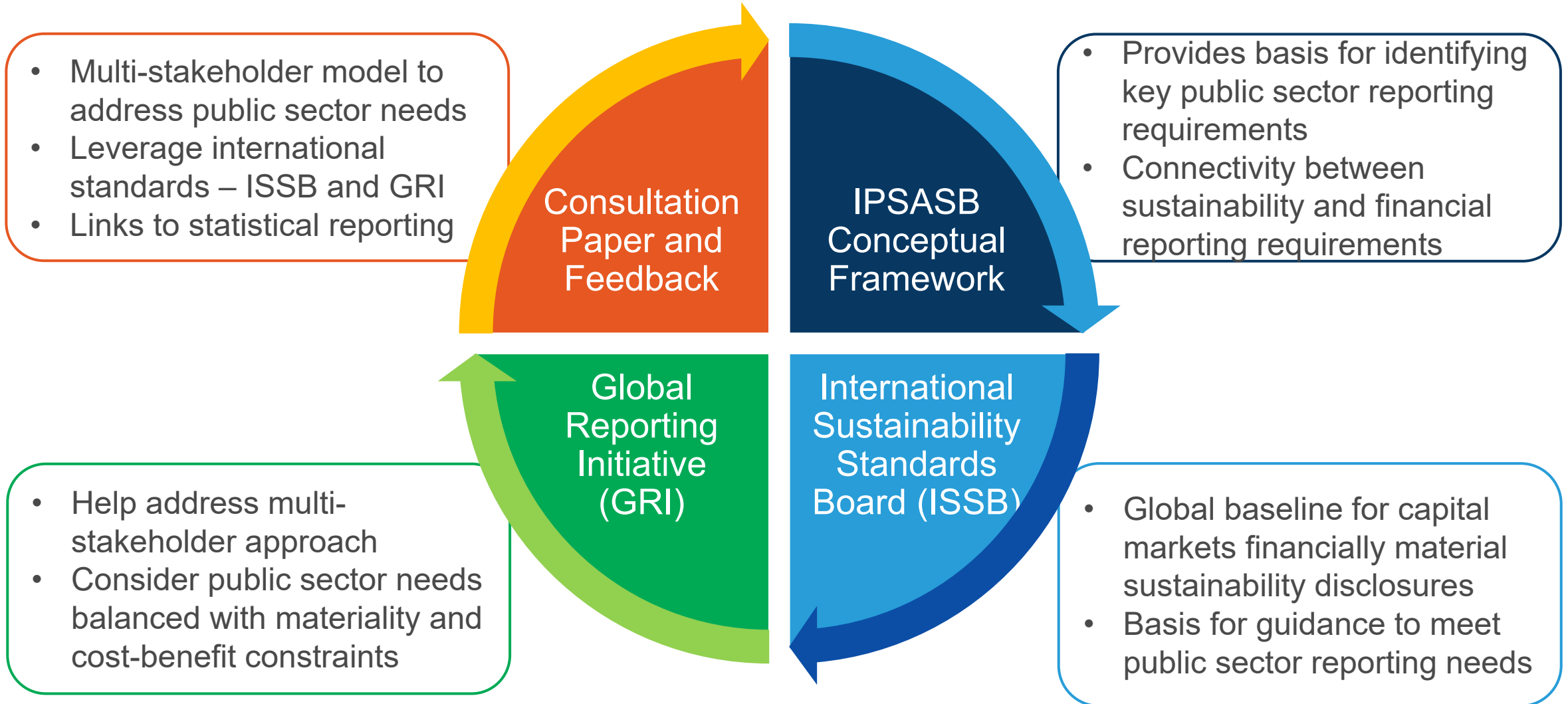
# IPSASB Moves Forward with the Development of a Climate-related Disclosures standard



IPSASB begins development of the first public sector sustainability reporting standard



# IPSASB Sustainability Scoping Framework



# IFRS S2: Climate-related Disclosures



- Developed as **a global baseline / common language** for sustainability-related financial disclosures in capital markets worldwide
- To meet **investor information needs**, IFRS S2:
  - Requires disclosures of **material information about climate-related risks and opportunities**, including physical and transition risks
  - Requires **industry-specific disclosures**, which are supported by accompanying guidance built on SASB Standards
- Fully incorporates the **TCFD recommendations**



Governance



Strategy



Risk management



Metrics and targets

# IFRS S2: Key Disclosures



## Strategy

- Strategy and decision-making
- Current and anticipated financial effects
- Climate resilience



## Metrics and targets

- Scope 1-3 GHG emissions
- Industry-based disclosures
- Climate-related targets

# Next Steps

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Set up standard setting arrangements

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Develop climate-related disclosures ED: Draft expected June 2024

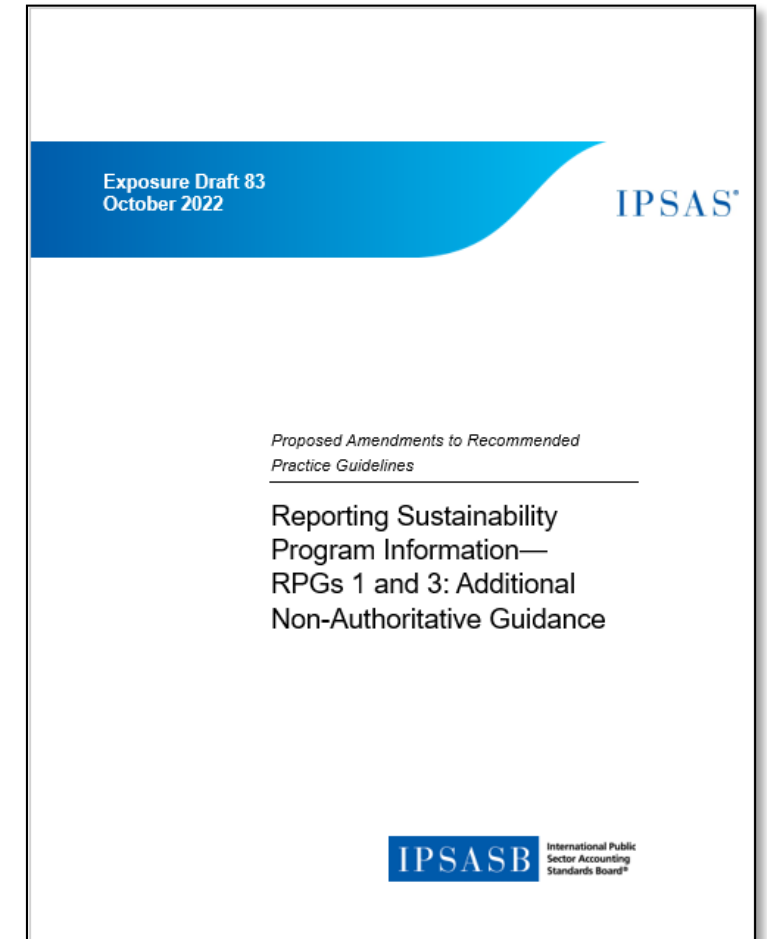
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Secure funding and resources

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# Reporting Sustainability Program Information

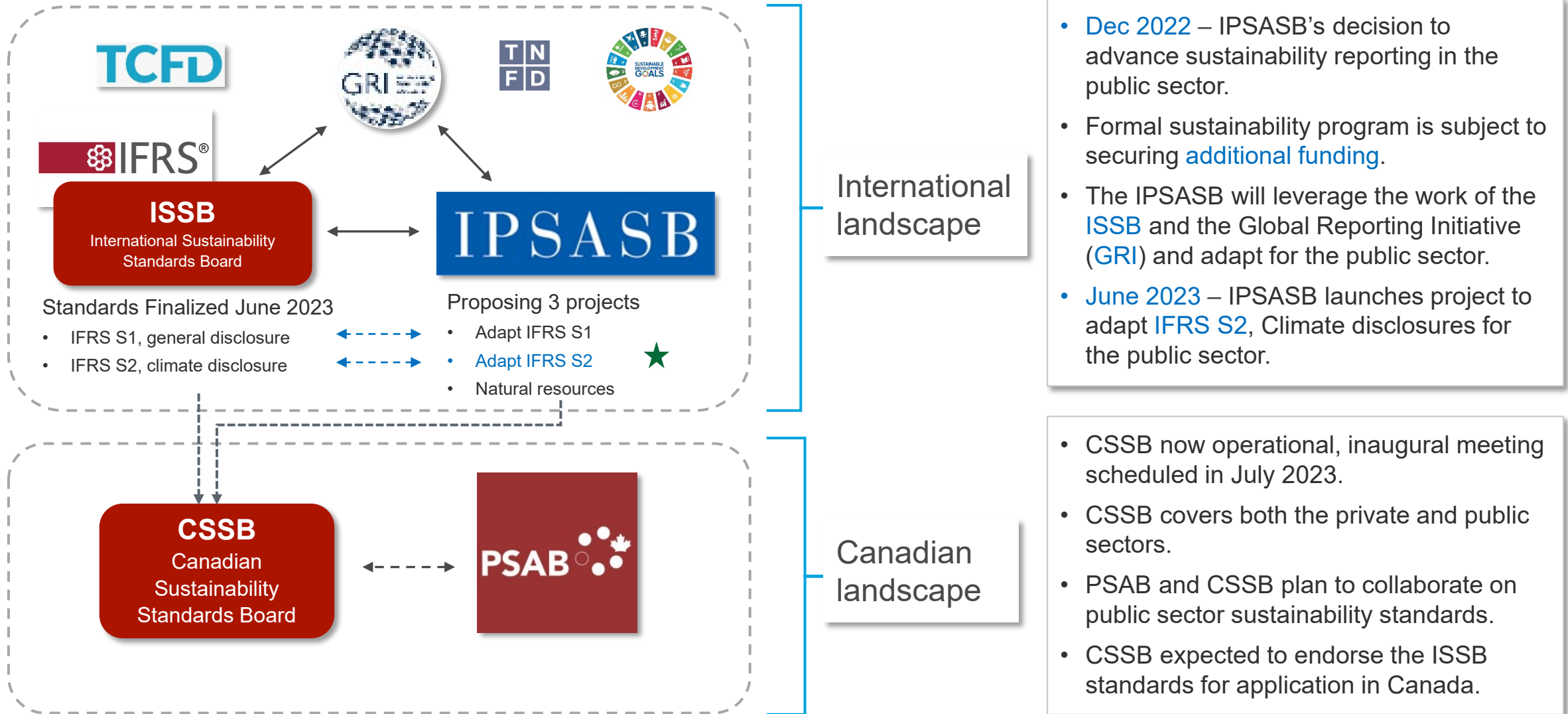
- RPG 3, *Reporting Service Performance Information*
  - Guidance for reporting information on entity-level sustainability-related programs – practical examples
- RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*
  - Guidance for development of financial projections for sustainability of finances over long-term (most relevant at consolidated level)





# OTHER PERSPECTIVES

# Canadian standard setting landscape



- **Dec 2022** – IPSASB’s decision to advance sustainability reporting in the public sector.
- Formal sustainability program is subject to securing **additional funding**.
- The IPSASB will leverage the work of the **ISSB** and the Global Reporting Initiative (**GRI**) and adapt for the public sector.
- **June 2023** – IPSASB launches project to adapt **IFRS S2**, Climate disclosures for the public sector.

- CSSB now operational, inaugural meeting scheduled in July 2023.
- CSSB covers both the private and public sectors.
- PSAB and CSSB plan to collaborate on public sector sustainability standards.
- CSSB expected to endorse the ISSB standards for application in Canada.

# Developments – Other governments



## UK Government



- Adoption of the **TCFD recommendations** in central government annual reports by 2025-26 will be rolled out in 3 phases:
  - **Phase 1** (2023-24) – Governance & high-level overview of 4 TCFD pillars
  - **Phase 2** (2024-25) – Risk management, Scope 1 and Scope 2 emissions aligned with GHG Protocol
  - **Phase 3** (2025-26) – Strategy with potentially scenario analyses, Scope 3 emissions
- HM Treasury released in July 2023 TCFD-aligned disclosure application guidance – Phase 1 applicable for periods from 2023-24 ([link here](#)).



## Government of Canada

- Section 23 of the Net-Zero Emissions Accountability Act was enacted in March 2023, requiring the Govt to publish an annual report on **key measures taken to manage climate-related financial risks and opportunities**, with the first report covering 2023-24 due by end of 2024.





