First Nations FINANCIAL MANAGEMENT BOARD | CONSEIL DE GESTION FINANCIÈRE des Premières Nations

February 28, 2025

Submitted Electronically

International Public Sector Accounting Standards Board (IPSASB)

Dear IPSASB:

RE: IPSASB SRS ED 1– Climate-related Disclosures

The First Nations Financial Management Board (the "**FMB**") is a Canadian, First Nations-led organization established under the *First Nations Fiscal Management Act*.[1] Our clients are First Nations[2] who opt in to our services, primarily with respect to developing, implementing and maintaining fiscal capacity and controls within their governing and administrative bodies for the purpose of strengthening and maintaining financial controls. The FMB works with its clients to develop fiscal capacity and responsible fiscal governance, and further serves First Nations by advocating for the necessary inclusion of First Nations interests in financial policy matters throughout Canada and internationally. Accordingly, we have reviewed **IPSASB SRS ED 1– Climate-related Disclosures** primarily as it may relate to our clients. In this case, our clients (1) may be the public sector entities making disclosures, or (2) may be users of other public sector entities' disclosures.

Around the world, Indigenous Peoples make up approximately 5-6%[3] of the population. Indigenous Peoples' rights have been affirmed in the **United Nations Declaration on the Rights of Indigenous Peoples** ("**UNDRIP**").[4] These rights, including the right to self government,[5] are inherent, and are often connected to land.

Generally, we support the creation of sustainability disclosure standards for public sector entities. We recommend broadening the scope of policy programs captured and to be reported on under this standard. Specifically, the policy programs to be reported on should include those that were chosen to pursue a "just transition" of climate adaptation, or, a transition that does not negatively impact communities (especially where those communities are already at a comparative socio-economic disadvantage). Just transition considerations include the following:

> The International Labour Organization (ILO) and other environmental and social justice movements agree that a just transition requires a shift from an extractive economy to a regenerative economy while ensuring the just, equitable, and fairly distributed costs and benefits of a green economy. A just transition for all must contribute to, among others, the goals of decent work, social inclusion and the eradication of poverty.[6]

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[1] S.C. 2005, c. 9.

[2] First Nations are one of Canada's three Indigenous Peoples. The other Indigenous Peoples in Canada are the Inuit and the Métis.

[3] World Bank Group, "Indigenous Peoples", April 6, 2023. Online; United Nations, "International Day of the World's Indigenous Peoples, 9 August", Online.

[4] United Nations Declaration on the Rights of Indigenous Peoples. Resolution adopted by the General Assembly on 13 September 2007. Online.

[5] UNDRIP, Article 4.

[6] Reconciliation & Responsible Investment Initiative. "The just transition to a low carbon economy and its impact on Indigenous rights and local suppliers", May 24, 2023. Online.

And:

> A green transition to a net-zero future is key to unlocking the Paris Agreement's global climate goals. **However, if not managed well, the required socioeconomic transformation runs the risk of further increasing social inequality, exclusion, civil unrest, and less competitive businesses, sectors, and markets**. Increasingly, countries are acknowledging these risks and in turn are taking action to integrate a just and equitable transition of their economies into their short- and long-term climate plans, processes, and practices.[7]
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> [*Emphasis added*.]

Indigenous Peoples around the world are often disproportionately impacted by climate change.[8] In Canada's Arctic, for instance, climate change is exacerbating the existing housing crisis. Many communities rely on diesel with no clear or easy way to transition off that fuel. Elsewhere in Canada, many First Nations communities have insufficient infrastructure, including housing, education, healthcare, connectivity, access to potable water, and other essential services.[9] Accordingly, public sector entities (including Indigenous governments themselves) must make policies that balance the immediate needs of community members with the longer-term goals of the green transition. Some of these policy programs may respond only to social or rights-based issues, though climate change considerations may be considered and then ultimately not included in the policy program. These policy programs are just as relevant to users of sustainability standards.

Accordingly, the IPSASB should include direct references to policy decisions that are made to effect the just transition. There should be direct references to "just transition" in the standard itself, and further explanatory notes and bases for conclusions will assist entities in understanding what they specifically must disclose and why.

QUESTIONS POSED BY IPSASB

A. SPECIFIC MATTER FOR COMMENT 1 and 3: Do you agree (1) that separate disclosure requirements are needed for own operations and public policy programs and (2) with the scope of reporting on climate-related public policy programs?

FMB Response

(1) We agree that these should be separate disclosures. However, there may be overlap between these areas that will require a flexible approach to entities' disclosures. The IPSASB may consider how such overlaps should be treated and provide guidance to that effect.

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[7] United Nations Development Program. "How Just Transition Can Help Deliver the Paris Agreement", November 4, 2022. Online.

[8] "This legacy of inequality and exclusion has made Indigenous Peoples more vulnerable to the impacts of climate change and natural hazards, including to disease outbreaks such as COVID-19." (see: World Bank Group, "Indigenous Peoples", April 6, 2023. Online.)

[9] Assembly of First Nations. "A need for significant infrastructure investments to build a better future for First Nations and Canada." ©2025. Online.

(2) We think that the scope of the proposed public policy program disclosures is too narrow. Climate-related outcomes include all climate-related outcomes, not just "positive" outcomes. Public sector entities must make decisions regarding the allocation of (scarce) resources. In some cases, that will mean the public sector entity must choose between a directly climate-related policy and a non-climate related policy. In making the decision on how to allocate resources, the entity is considering the balance of its constituents' needs. These trade-offs may be related to ensuring a just transition as entities adapt to climate change, and may have resultant climate-related impacts, including negative impacts.

B. SPECIFIC MATTER FOR COMMENT 2: Do you agree with the proposed approach and adaptations on disclosure requirements for own operations?

FMB Response

We have no specific views on this question.

C. SPECIFIC MATTER FOR COMMENT 5 and 6: Do you agree that these disclosure requirements for climate-related public policy programs meets the information needs of primary users?

FMB Response

No, we do not think these disclosures are adequate to meet information needs. As noted above, we think that policy disclosures need to include discussion related to the trade-offs public sector entities make in order to effect a ***just*** transition.

We acknowledge that Application Guidance (AG) paragraph 2.24(d)(i) describes that the public sector entity shall disclose

> Any factors and assumptions used in designing its climate-related public policy programs ... including ... i. Trade-off decisions, if any, between climate-related public policy program outcomes (such as balancing potential outcomes affecting greenhouse gas emissions and economic or social effects).

In our view, AG2.24 does not go far enough to capture essential user information. The same disclosures should be made about both climate-related policy program decisions and "just transition" policy programs. This is especially the case as all aspects of public sector entities' development planning should incorporate climate resilience. This may mean that a public policy program prioritizes an urgent social priority (e.g., water desalination) even if that policy program will maintain or even increase greenhouse gas emissions.

In the absence of all policies that were made *in contemplation of climate*, users will lack important information required for them to make decisions.

In this regard. we support the views expressed by Ms. Angela Ryan in AV3.(c).

D. **SPECIFIC MATTER FOR COMMENT 7 and 8: Do you agree that the proposed definition of materiality and general requirements are appropriate for climate-related reporting by public sector entities?**

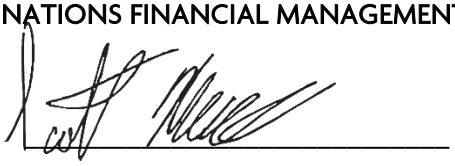
FMB Response

We support the use of the "general requirements" based on the conceptual framework and have no issues to report to the IPSASB at this time.

We have no concerns with this definition of "materiality". Is the IPSASB satisfied that the definition will capture disclosure of information which, on its own may not be material, but when disclosed along with other pieces of information would be material?

Thank you for the opportunity to share our comments. We would be pleased to discuss any of these with you in more detail.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Per: 

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Deputy Chief Executive Officer