



City of London Corporation consultation response to the International Public Sector Accounting Standards Board (IPSASB)'s Sustainability Reporting Standards Exposure Draft (IPSASB SRS ED) 1

Introduction to the City of London Corporation

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK. We aim to:

- Contribute to a flourishing society
- Support a thriving economy
- Shape outstanding environments.

By strengthening the connections, capacity, and character of the City, London, and the UK for the benefit of people who live, work, and visit here. Our reach extends far beyond the Square Mile's boundaries and across private, public, and voluntary sector responsibilities. This, along with our independent and non-party political voice and convening power, enables us to promote the interests of people and organisations across London and the UK and play a valued role on the world stage.

The City Corporation's Climate Action Strategy

In 2020, the City Corporation adopted an ambitious cross-organisational Climate Action Strategy which sets out how the organisation will achieve net zero, build climate resilience and champion sustainable growth, both in the UK and globally, over the next two decades. Through the Strategy the City Corporation has committed to:

- Achieve net zero in our own operations by 2027
- Achieve net zero across our full value chain, including investments and supply chain, by 2040
- Support the Square Mile to net zero by 2040
- Invest £68m to support these goals over the initial six years, to March 2027, of which £15m is dedicated to preparing the Square Mile for extreme weather events.



The Strategy is a transformative programme encompassing 13 cross-organisational climate action projects.

The City Corporation is committed to transparently reporting progress towards net zero targets and climate resilience. Our public [Climate Action Performance Dashboard](#) tracks 70 emissions and climate resilience performance indicators, which is updated every quarter. In addition, we publish an annual Climate Action Strategy progress report detailing key achievements and challenges.

Exposure draft comment response

1. Public sector operations and regulatory role: Do you agree the proposed approach meets the information needs of primary users? If not, what alternative approach would you propose and why?

We believe the proposed approach does not fully meet the needs of primary users and creates a disconnect between the reporting boundaries of own operations and public policy programs.

We agree the approach meets the information needs related to a public sector body's own operations. The alignment with the Greenhouse Gas Protocol's Corporate Standard and Value Chain Standards provides a strong framework for capturing all material climate impacts of direct operations, ensuring transparency and accountability for primary users.

However, the approach for public policy programs does not meet the information needs of primary users due to its narrowed reporting scope. Allowing bodies to only report on programmes where climate is the primary objective excludes significant climate-related impacts from programmes where climate is not the main goal - such as large infrastructure projects aimed at economic development, which can have material embodied carbon and other substantial climate impacts.

Additionally, the proposed approach does not align with established and complementary jurisdictional-level emissions standards, such as the Greenhouse Gas Protocol for Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC), which provide a comprehensive basis for reporting regardless of the primary focus of individual policy programmes.

Therefore, we suggest the Standard should expand its scope to include climate impacts from all material public policy programs and better align with existing emissions reporting frameworks (such as the GPC). This would offer primary users a clearer and more comprehensive understanding of a public sector body's full range of climate-related risks, opportunities, and impacts.

2. Own Operations: Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?

We agree with the proposed approach and guidance for reporting on own operations. We support the inclusion of Scope 3 data, as it ensures a more complete and accurate

understanding of a public sector body's climate-related impacts, particularly those arising from value chain activities. Emphasising data verification and appropriate reporting frequency is crucial for ensuring the credibility and reliability of information, meeting the needs of primary users.

The alignment with existing standards, such as the Greenhouse Gas Protocol, is important as it simplifies reporting processes, avoids duplication, and enhances comparability across organisations. Maintaining consistency with such widely adopted frameworks ensures the approach remains practical and robust while supporting greater transparency and accountability.

3. Scope of Public Policy Programs: Do you agree with this approach and the scope of public policy programs included in required disclosures? If not, what alternative approach would you propose and why?

We do not fully agree with the proposed scope of public policy programmes included. It is challenging to draw strict boundaries around programmes where climate outcomes are the primary objective. This risks excluding significant programmes where climate outcomes are an important but secondary objective, such as large infrastructure projects that may have substantial embodied carbon impacts. Allowing individual reporting bodies to use their own judgement in defining these boundaries could result in inconsistent and unequal reporting, undermining comparability and transparency.

Understanding the climate impact of public sector programmes is important to stakeholders. Therefore, the standard could expand its scope to require disclosures on all public sector programmes with significant climate outcomes, whether positive or negative, regardless of the primary objective. This approach would provide a more complete picture of the public sector's contribution to climate-related risks and opportunities.

4. Public Sector-Specific Definitions: Do you agree with the proposed public sector-specific definitions and guidance? If not, what alternative definitions would you propose and why?

We largely agree with the Public Sector-Specific Definitions but recommend refining some to improve clarity and alignment with established frameworks, such as the Greenhouse Gas Protocol. Specifically:

- **Own operations** should refer to *Scope 1 and 2 emissions* at both the organisational and City levels.
- **Indirect greenhouse gas emissions** should refer to *Scope 3 emissions* at both the organisational and City levels.

Additionally, as outlined in the previous responses, **Climate-related public policy programmes** should be broadened to include *all public sector programmes with significant climate outcomes (positive or negative)*. This ensures comprehensive reporting of material climate impacts, regardless of whether climate is the primary objective.

5. Strategy for Climate-related Public Policy Programs: Do you agree that the disclosure requirements on strategy for climate-related public policy programs meet the information needs of primary users? If not, what alternative approach would you propose and why?

Generally, we agree the disclosure requirements on strategy for climate-related public policy programmes meet the information needs of primary users.

However, we believe there is a gap in addressing the non-climate-related outcomes of these programmes. Broader social and economic risks are important to identify and manage as part of a just transition. Omitting them would provide primary users with a skewed understanding of the full range of risks and opportunities associated with climate-related programmes. For example, a policy to electrify heating may reduce emissions but could also result in higher energy costs for users, potentially leading to increased risks of fuel poverty.

We recommend the disclosure requirements be expanded to include these non-climate related outcomes, ensuring a more comprehensive and balanced view of the potential impacts of public policy programmes.

6. Metrics and Targets for Climate-related Public Policy Programs: Do you agree these disclosures meet the information needs of primary users of the report? If not, what alternative approach would you propose and why?

We believe the proposed metrics and targets for climate-related public policy programmes are valuable, but there are challenges which may hinder their ability to fully meet the information needs of primary users.

Measuring baseline conditions for assessing the impact of these programmes will likely involve considerable estimation, especially when programmes cross jurisdictional boundaries or are repeated in multiple jurisdictions. This could lead to inconsistencies in reporting methodologies, potentially confusing primary users.

It could be of value to include a recommendation for encouraging collaboration between public sector bodies with similar programmes to promote consistency in reporting approaches. Additionally, establishing standardised metrics for assessing the climate outcomes of public policy programmes would help ensure meaningful, consistent, and comparable reporting across different jurisdictions.

7. Conceptual foundations: Do you agree that the proposed definition of materiality based on the IPSASB Conceptual Framework meets the information needs of primary users for climate-related disclosures? If not, what alternative approach would you propose and why?

While the proposed definition of materiality based on the IPSASB Conceptual Framework provides a useful foundation, it lacks the practical guidance necessary to ensure consistent application and to reduce ambiguity. To better meet the information needs of primary users, we recommend enhancing the standard with the following elements:

- **Clear Materiality Thresholds:** Establish quantitative thresholds for emissions reporting (e.g., excluded emission sources not exceeding 2% of total emissions) and qualitative criteria for material climate impacts. Define de minimis exclusions, such as no single excluded source being over 1% of total emissions.
- **Standardised Templates:** Provide template GHG emissions statements for both organisational and jurisdictional inventories, aligned with established standards such as the GHG Protocol Corporate Standard and the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC). This would enable clearer mapping between programme impacts and overall emissions.
- **Assurance Framework:** Although current guidance does not include an assurance framework, we recommend offering support for respondents to encourage assurance practices. This should include defined levels of assurance (e.g., limited/reasonable), minimum verification requirements, acceptable methodologies and standards (e.g., ISO 14064-1), and the competencies required for assurance providers (e.g., ISO 14065 and ISO 14066).

Including these practical elements would help ensure consistent reporting across public sector bodies, facilitate easier comparison of disclosures, improve the ability to obtain meaningful assurance, and close any potential gaps in reporting material climate impacts.

8. General requirements: Do you agree that the disclosure requirements proposed in the general requirements are appropriate for public sector entities? If not, what alternative approach would you propose and why?

We believe that reporting climate-related outcomes alongside financial reports could be challenging due to the time lag in data availability and the time required for verification. Additionally, there is currently a lack of uniformity in how climate-related data is reported.

We suggest considering an alternative approach, such as allowing public sector entities to report climate-related outcomes on their websites, similar to the approach taken by the UK's Modern Slavery Act 2015. This would provide greater flexibility while ensuring transparency and accessibility of climate-related information.

9. Transition: Do you agree that the proposed transition provisions approach should be applicable to both own operations and climate-related public policy programs? If not, what alternative approach would you propose and why?

While the proposed transition provisions could help facilitate the swift adoption of the Exposure Draft (ED), we have concerns about the lack of a defined time limit, which could result in these exceptions being used indefinitely and potentially undermine the effectiveness of the ED. To ensure that public sector entities make progress towards full reporting, we recommend introducing a clear requirement to increase the scope of reporting each year, with a maximum transition period of five years. This approach would provide a structured and achievable pathway for entities to gradually expand their reporting while ensuring the timely implementation of the ED.

10. Other Comments: Do you have any other comments on the proposed Exposure Draft?

While we appreciate the distinct needs of public sector reporting, we question whether developing a separate IPSASB sustainability reporting standard is the most effective approach, especially given the current global focus on harmonising sustainability reporting frameworks. Although public sector entities have unique characteristics - such as broader accountability requirements, policy-making roles, and diverse primary users - these could potentially be addressed through public sector-specific guidance within the existing IFRS Sustainability Disclosure Standards framework.

The current approach of creating a separate standard risks fragmenting sustainability reporting efforts, causing confusion for organisations reporting under multiple frameworks, and adding complexity to the standards landscape. It could also complicate assurance processes.

We suggest exploring:

- The development of public sector application guidance within IFRS S1 and S2.
- IPSASB providing technical expertise on public sector considerations.
- Joint governance arrangements to ensure that public sector needs are met.

This approach would help maintain the benefits of addressing public sector-specific needs while supporting the broader goal of converging sustainability reporting standards, resulting in more consistent and effective reporting and assurance.

On a more general note, it is worth highlighting that the City Corporation believes that the ISSB plays a crucial role in standardising green finance practices. We support the IFRS S1 and IFRS S2 standards because they:

- Promote transparent capital markets reflecting sustainability-related risks,
- Contribute to financial stability by enabling informed decision-making on sustainability risks,
- Reduce inefficiencies by standardizing sustainability disclosures, and
- Improve information quality across company value chains, positively impacting governance, strategy, capital access, cost of capital, reputation, and stakeholder engagement.

At the City of London Corporation, we advocate for full endorsement and implementation of ISSB standards in the UK to enhance international interoperability and support the UK's green finance ambitions.

We were pleased to sign a joint call to action in May for global adoption of these standards by 2025, endorsed by 121 stakeholders, including LSEG, PRI, UN SSE, and WBCSD.