

International Public Sector Accounting  
Standards Board - Sustainability Reporting Standards

**Date:** 18 February 2025

Dear Sir or Madam

**Re: Railpen's response on the IPSASB SRS Exposure Draft 1, Climate-related Disclosures**

Railpen is the trading name of Railway Pension Investments Limited, authorised and regulated by the Financial Conduct Authority (FCA), acting as the investment manager for the railways pension schemes and responsible for the management of c. £35 billion of assets on behalf of over 350,000 members. We invest, on behalf of our members, in companies across economic sectors and geographical regions. As investors, we need access to transparent, comparable and science-based reporting to manage climate-related risks and opportunities and assess the alignment potential of our holdings.

As one of the largest UK pension funds, and one of the few remaining occupational pension schemes with open, immature, Defined Benefit (DB) sections, we recognise the impact of corporate sustainability on our long-term investments. We have been, and remain, enthusiastic champions for improvements to the quality and completeness of corporate sustainability disclosure, as reflected in our levels of policy engagement and company stewardship focussed on this topic<sup>1</sup>.

Railpen, and our ultimate client the railways pension schemes, have an inherently long-term investment horizon. We strongly believe that our members' financial best interests are connected to the ways in which companies attend to long-term sustainability risks and opportunities. It is vital therefore that, as investors in companies, we can avail ourselves of timely, reliable, comparable, and decision-useful information on the ways in which corporates manage sustainability-related business risks. At a more general level, capital market participants require access to information that facilitates price discovery and efficient capital allocation. As a result, we continue to offer our strong support to the global adoption of ISSB IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

We believe the IPSASB's proposed standard on climate-related disclosures enhances transparency and accountability in the public sector by requiring detailed disclosures on climate-related risks and opportunities. This is crucial for making informed investment decisions and assessing the long-term economic sustainability of assets. By aligning with IFRS S2, which mandates similar disclosures for private sector entities, the IPSASB standard

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<sup>1</sup> You can find out more about our approach to disclosure on climate and other environmental, social and governance topics at [Railpen - Responsible Investing](#).

ensures consistency and comparability across sectors, facilitating a holistic understanding of climate-related impacts.

Under IFRS S1 information required by ISSB Standards is clearly identifiable and distinguished from other information, it is important that the additional information does not obscure material information required by ISSB Standards. The public sector is a major component of global capital markets so ensuring public sector organisations disclose high quality, comparable sustainability information is important to meet the information needs of investors and ensure the efficient functioning of markets. To achieve comparability, it will be important that the information proposed to be disclosed in accordance with SRS ED 1 that is consistent with that required by IFRS S2 is clearly presented and not obscured by the proposed additional policy-related disclosures.

The IPSASB's proposed standard emphasises the importance of governance, strategy, risk management, and metrics in managing climate-related risks and opportunities. This comprehensive approach helps asset owners to evaluate how public sector entities are integrating climate considerations into their overall risk management processes. The alignment with IFRS S2 and TCFD means that public sector entities will have the opportunity to adopt best practices already recognised in the private sector, thereby enhancing the credibility and reliability of their disclosures.

Implementing the IPSASB's proposed standard is likely to improve access to funding and capital markets, with investors increasingly prioritising sustainability and climate resilience in their investment criteria. By adopting these standards, public sector entities can demonstrate their commitment to addressing climate change, thereby enhancing the ability to attract further investment and potentially securing better financing terms. This not only benefits the entities themselves but also contributes to the broader goal of sustainable development and climate resilience.

Finally, investors are not the only audience for verifiable information about climate change. Other audiences include employees, customers, government agencies, regulators and local communities. While these audiences have different needs and interests, they are united in wanting to understand public companies' impacts on the natural environment and to understand how companies are managing these impacts.

We hope that this response has been of interest. We would be happy to discuss further any of the points raised above.

Yours sincerely,

**Michael Marshall**

Director of Investment Risk and Sustainable Ownership  
Railpen

**Tom Ward**

Senior Investment Analyst – Sustainable Ownership  
Railpen