



13th February 2025

To the Chairman,

International Public Sector Accounting Standards Board (IPSASB)
277 Wellington Street West
Toronto, ON M5V 3H2
Canada

Dear Mr Ian Carruthers,

SUBMISSION OF COMMENTS ON EXPOSURE DRAFT (IPSASB SRS ED) 1, CLIMATE-RELATED DISCLOSURES

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Exposure Draft IPSASB SRS ED 1, Climate-Related Disclosures. This draft proposes disclosure requirements for public sector entities to report on climate-related risks and opportunities pertinent to their operations, as well as climate-related public policy programs and their outcomes. The aim is to provide information useful for primary users of general-purpose financial reports to support decision-making and accountability.

The IPSASB is seeking feedback on specific matters for comment (SMCs) outlined in SRS ED 1. These SMCs are designed to gather stakeholder input on key aspects of the proposed standard. While the exact SMCs are detailed in the exposure draft document, they typically cover areas such as the scope of the standard, specific disclosure requirements, alignment with existing frameworks, and implementation challenges.

These proposals align public sector reporting with global best practices, building on other international sustainability standards, while addressing the unique differences and information needs of primary users of public sector reports. This leads to more consistent, comparable and verifiable information across sectors to enable better decision-making and accountability, and maintaining access to funding needed for development, including from capital markets.

We hereby present our comments to the specific questions highlighted in the exposure draft memorandum. Kindly contact us using the details below should you require any additional information or clarification catherine.asemeit@icpak.com Tel: +254711638370.

Yours Sincerely,

CPA CATHERINE ASEMEIT

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Question	Response <i>(Please give clear reasoning to support your response)</i>
<p>Specific Matter for Comment 1: Public sector operations and regulatory role (paragraphs 1-4) This Exposure Draft requires a public sector entity to provide disclosures about (i) the climate-related risks and opportunities that are expected to affect its own operations, and (ii) climate-related public policy programs and their outcomes when an entity has responsibility for those programs and their outcomes (see paragraphs 3 and AG2.7–AG2.8).</p> <p>Do you agree the proposed approach meets the information needs of primary users (see paragraphs 1– 4)? If not, what alternative approach would you propose and why? The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.</p>	<p>We agree that the proposed disclosures adequately address the information needs of primary users. However, we have some observations regarding the definition of primary users.</p> <p>While we acknowledge that the definition of primary users aligns with the IPSASB Conceptual Framework, we note that it is currently situated in Appendix B1 rather than in the main list of definitions. Given the frequent use of the term "primary user" throughout the standard, it would be beneficial to include this definition in the main definition section for clarity and accessibility.</p> <p>Furthermore, since entities may apply this standard regardless of whether their general-purpose financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) or other generally accepted accounting principles (GAAP), it is important to ensure that all users can easily reference and understand this critical definition. We propose that the definition of a primary user should be included in the list of definitions.</p>
<p>Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance – Own Operations)</p> <p>The Exposure Draft primarily aligns disclosure requirements about an entity's own operations with private sector guidance (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures), with public sector guidance, including a rebuttable</p>	<p>We agree with the proposed approach that aligning disclosure requirements with private sector guidance (IFRS S1 and S2) while incorporating the GHG Protocol is a practical approach for consistent reporting. The approach on monitoring, verification and reporting is quite elaborate and we further agree that the alignment to the private and</p>

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<p>presumption that entities use the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), unless another established method of measuring its greenhouse gas emissions is more appropriate or required by a jurisdictional authority (see paragraph AG1.72).</p> <p>Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?</p>	<p>public sector creates standardization as part of national accountability.</p>
<p>Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6) This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes. 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? The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.</p>	<p>We are in support of the inclusion of the disclosures requirements about public policy programs with a primary objective to achieve climate-related outcomes. However, we have the following suggestions:</p> <p>Responsibility for Outcomes: The (IPSASB) should provide explicit guidance on identifying the entity responsible for achieving specific outcomes. It is essential to clarify whether this responsibility rests with the issuer of the public policy program or the implementing entity, as these roles may be assigned to different organizations.</p> <p>For instance, consider a scenario where the Ministry of Environment establishes a policy that mandates that vehicles exceeding 100,000 kilometers undergo service overhauls to ensure compliance with environmental standards. The goal of the policy is to achieve a long-term reduction in carbon emissions. The Ministry of Environment is responsible for assessing the long-term impact of its policies and making necessary adjustments to ensure that environmental goals are met.</p>

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	<p>On the other hand, the Ministry of Transport is responsible for implementing the policy, which includes coming up with an operational framework, infrastructure for monitoring compliance, enforcing penalties and reporting on the penalties in their financial reports. Clear delineation of these responsibilities will enhance accountability and facilitate effective implementation of public policies</p> <p>This bifurcation of roles can lead to ambiguity regarding accountability for achieving the intended environmental outcomes. Clear guidance from the IPSASB would ensure that stakeholders understand which entity is responsible for the outcome and has overall accountability.</p> <p>Connected information: Further the board should also consider that sometimes the financial effect of a public policy program is reported by the implementer who in some cases is not responsible for the outcome of the program. This brings a limitation in showing the connection between the disclosures of climate public policy programs with the information disclosed in the related financial statements.</p> <p>Differentiation Between Output and Outcome: The IPSASB should provide guidance on how to distinguish between outputs and outcomes. This distinction is essential for accurate reporting and accountability because</p>

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	<p>output refers to the tangible products or services delivered by a program which are often measurable in the short term, while outcomes relate to the broader impacts or changes resulting from those outputs, which may take time to manifest.</p> <p>For instance, a renewable energy initiative may produce a certain number of solar panels (output), but the outcome would be the reduction in greenhouse gas emissions and the increase in clean energy usage in the community. By providing clear definitions and examples, the IPSASB will help entities effectively communicate the outputs and outcome of the climate related public policy programs.</p> <p>Moreover, the standard can be structured to separate the two parts for better understanding.</p>
<p>Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)</p> <p>This Exposure Draft provides public sector specific definitions and related guidance for:</p> <p>(a) Public policy programs; (refer to comment above)</p> <p>(b) Public policy program outcomes; and</p>	<p>Climate-related public policy programs as provided in the definition sections refer to public policy programs with a primary objective to achieve climate-related outcomes. We, however, note that the definition of climate-related outcomes has not been provided.</p> <p>Climate-related outcomes are broad and subject to different interpretations, we recommend including the definition of climate related outcomes in the list of definitions.</p>

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<p>(c) Climate-related public policy programs.</p> <p>Do you agree with the proposed public sector - specific definitions and guidance? If not, what alternative definitions would you propose and why?</p>	
<p>Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31) This Exposure Draft proposes disclosure requirements about an entity’s strategy for climate-related public policy programs which include information that enables primary users to understand the entity’s strategy and decision-making, anticipated challenges to achieving intended outcomes and financial implications of the climate-related public policy program. 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?</p>	<p>We agree with the disclosure requirements on strategy requiring disclosure of strategies, anticipated challenges, and financial implications meets the needs of stakeholders for comprehensive understanding.</p> <p>In addition to these disclosure requirements, we recommend that the Standard include a requirement for entities to disclose anticipated opportunities that may arise from their climate-related public policy programs. Understanding these opportunities is equally important for stakeholders as it provides insights into potential benefits of the Climate-related Public Policy Programs.</p>
<p>Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)</p> <p>This Exposure Draft proposes to require disclosures about metrics and targets, including (a) the change in greenhouse gas emissions reasonably attributed to climate-related public policy programs and (b) other metrics to measure and monitor performance in relation to climate-related public policy programs. Do you</p>	<p>We agree these disclosures meet the information needs of primary users of the report.</p>

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agree these disclosures meet the information needs of primary users of the report (see paragraph 26)? If not, what alternative approach would you propose and why?	
Specific Matter for Comment 7: Conceptual foundations (paragraphs B2–B15) :- This Exposure Draft includes conceptual foundations aligned with the IPSASB Conceptual Framework including the definition of materiality (see paragraphs B8–B10) and primary users of public sector general purpose financial reports (see paragraphs B.AG28–B.AG33). 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?	We agree, aligning the definition of materiality with the IPSASB Conceptual Framework is appropriate and supports stakeholder decision-making. It ensures the relevance of disclosures, enabling stakeholders to focus on material risks and opportunities.
Specific Matter for Comment 8: General requirements (paragraphs B16–B46). This Exposure Draft includes general requirements aligned with private sector guidance (IFRS S1) including the requirements for (a) an entity to include its climate-related disclosures in its general-purpose financial reports (see paragraphs B22–B25) and (b) an entity to report its climate-related disclosures at the same time as its related financial statements (see paragraphs B26–B31). 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 agree with the proposal for integrating climate-related disclosures into financial reports. This approach is commendable, as it improves the connectivity between climate-related disclosures and financial information. Such integration enhances the usefulness and coherence of both financial and sustainability reporting, which is a hallmark of best practices in the field.
Specific Matter for Comment 9: Transition (paragraphs 30–33):- This Exposure Draft proposes to provide transitional relief only in the first year of adoption (see paragraphs 30–33) for disclosures relating to an entity's own	We agree that the proposed transition provisions approach should be applicable to both own operations and climate-related public policy programs, however we recommend the

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<p>operations and where applicable, relating to climate related public policy programs and their outcomes. 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?</p>	<p>following improvements in relation to the transitional reliefs.</p> <ul style="list-style-type: none"> • We take note of the relief provided in paragraph 31-B where an entity is not required to disclose its Scope 3 greenhouse gas emissions in the first annual reporting period. We recommend extension of the relief period to a minimum of 5 years. This is because getting data on Scope 3 emissions is a rigorous activity that relies on data from other entities (data dependency) thus entities would need more time to create the skill set and structure for collection of scope 3 emissions data. • We recommend that the board give a transitional relief on disclosure of climate related public policy programs. This is because of data dependency between the entity responsible for the outcome and the implementer(s) of the program. Further outcome of a public policy program is felt in the long term. • Paragraph 33 is ambiguous and is subject to different interpretations. From our perspective it is not clear if the paragraph means:

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	<p>a) entities are allowed not to present comparative period information for subsequent years after adoption of the standard or;</p> <p>b) entities are allowed not to present comparative information relating to the 1st year of adoption (period where the entity applied the relief) in the subsequent periods.</p> <p>If the intended meaning was (b) above, we suggest that the paragraph is enhanced to:</p> <p><i>“If an entity elects to apply the relief in paragraph 30, the entity is permitted to continue to use that relief for the purposes of presenting comparative information relating to the period the relief was applied.”</i></p> <ul style="list-style-type: none"> • Further, we suggest provision of application guidance on the transition reliefs provided in paragraph 30-33.
Other Comments	<p><u>Definitions of greenhouse gases</u></p> <p>We note that the definition of greenhouse gases goes straight to giving examples of greenhouse gases and is</p>

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	<p>limited to Seven gases as per the Kyoto Protocol. We recommend:</p> <ul style="list-style-type: none"> i. The definitions to be amended to align with more current and comprehensive frameworks, such as those under the United Nations Framework Convention on Climate Change (UNFCCC) and IPCC guidance. The Proposed definition of GHG: - “Gas constituent of the atmosphere or Gaseous constituent of the atmosphere both natural and anthropogenic that absorb and re-emit infrared radiation.” ii. The definition is amended so that it is not limited to only gases in the Kyoto Protocol but also include other common greenhouse gases. The definition of GHGs should be amended to include all Gaseous Constituents with Radiative Forcing Properties: Both natural and anthropogenic gases that absorb and re-emit infrared radiation Additional Gases Beyond Kyoto Protocol: Examples include ozone (O₃), water vapor, and short-lived climate pollutants like black carbon, which significantly impact radiative forcing but were not included in earlier agreements.

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	<p><u>Definition of CO₂ Equivalent</u></p> <p>The definition provided is not clear and elaborative: -We propose CO₂ Equivalent to be defined as:</p> <p>Recommendation 1: “it is a unit of measurement that is used to standardize the climate effects of various greenhouse gases.”</p> <p>Recommendation 2: CO₂ Equivalent (CO₂e) is a standardized unit of measurement used to express the climate impact of various greenhouse gases in terms of the amount of carbon dioxide (CO₂) that would produce an equivalent effect on global warming. It allows for the comparison and aggregation of emissions from different gases based on their global warming potential (GWP) over a specific time horizon.</p> <p><u>Definitions for Global Warming Potential (GWP)</u></p> <p>The definition provided is not clear and elaborative: -We propose Global Warming Potential (GWP) to be defined as:</p> <p>Recommendation 1: An index that quantifies the warming effect of a specific amount of a greenhouse gas over a defined period (typically 100 years), relative to the warming effect of the same amount of carbon dioxide (CO₂). It</p>

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	<p>enables comparisons and assessments of the long-term climate impact of different greenhouse gases.</p> <p>Recommendation 2: Global Warming Potential (GWP):</p> <p>A standardized measure used to estimate, compare, and aggregate the relative climate impacts of various greenhouse gases by expressing their warming effect over a specific timeframe (e.g., 100 years) in relation to the effect of carbon dioxide (CO₂). GWP accounts for the gas's ability to absorb heat and its atmospheric lifetime.</p> <p><u>Definition of Climate Change</u></p> <p>We note that the standard does not provide a definition of Climate change, which is the foundation of the standard. We recommend the inclusion of the definition of climate change in the list of definitions.</p> <p>We propose climate change be defined as:</p> <p>Climate change refers to the long-term changes in the earth's climate that are warming the atmosphere, ocean and land, and affecting the balance of ecosystems that support life and biodiversity, and impacting health. Climate change causes more extreme weather events, such as more frequent and more intense hurricanes, floods, heatwaves and droughts, and leads to sea level rise and</p>

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	<p>coastal erosion as a result of ocean warming, melting of glaciers and loss of ice sheets.</p> <p><u>Expand the guidance on Scope 3 emissions</u></p> <p>IFRS S2 Insight: IFRS S2 requires detailed Scope 3 emissions disclosures, including categories such as upstream and downstream emissions, as these often constitute the majority of an entity's carbon footprint. We recommend expansion of the guidance on Scope 3 emissions for public sector entities, including methodologies for quantifying emissions in public procurement, supply chains, and funded programs. Provide examples of how public sector entities can effectively track and report emissions within their value chain.</p> <p><u>Guidance on presentation of base period information</u></p> <p>We suggest that the board gives guidance on the presentation of base period information and disclosure of progress against the base period. This should include but is not limited to the definition of a base period and if presentation and comparison to base period information is optional or mandatory.</p> <p>For instance, when reporting climate indicators, say, GHGs, it's appropriate to document levels or measurements for the start year or base year. This base</p>

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	<p>year data should then help in determining change - difference between the current and base year to estimate the change either to the negative (decline) or positive (increase).</p> <p><u>Industry or Sector-specific guidance</u></p> <p>Borrowing from IFRS S1 & S2 standards, the board should consider developing sector specific guidance on metrics for the public sector e.g. health, transport, mining to ensure long term comparability globally.</p>

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