



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

**GOVERNMENT ACCOUNTANCY SECTOR  
OFFICE OF THE ASSISTANT COMMISSIONER**

February 28, 2025

**MR. IAN CARRUTHERS**

Chairperson

The International Public Sector Accounting Standards Board

277 Wellington Street West

Toronto, ON M5V 3H2

CANADA

Dear Mr. Carruthers:

In response to your request for comments to the Proposed International Public Sector Accounting Standards Board (IPSASB) Sustainability Reporting Standard (SRS) Exposure Draft (ED) 1: Climate-related Disclosures, we respectfully submit the herein comments and recommendations of this Sector, for your consideration.

Should you have other concerns, feel free to contact us at 8951-0458 local Nos. 4003 and 4025, or via email at [gasoac@coa.gov.ph](mailto:gasoac@coa.gov.ph).

Very truly yours,

**ROY L. URSAL**

Assistant Commissioner

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<i>Exposure Draft 1: Climate-related Disclosures</i>	
<p><b>Specific Matter for Comment 1: Public sector operations and regulatory role (paragraphs 1-4)</b></p> <p>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?</p> <p>The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.</p>	<p>We agree that the proposed approach is generally aligned with the information needs of primary users, such as government entities, other stakeholders, and the public, due to the following reasons:</p> <ol style="list-style-type: none"> <li>1. Disclosing climate-related risks and opportunities helps the users understand how climate change could affect the entity's: (a) general operations, (b) services to the public, and (c) financial condition. For example on climate-related risks, the rising sea levels or severe weather conditions due to climate change might have negative effect on the infrastructures of the government. In the case of the Philippines, several typhoons that can destroy public infrastructures occur within a year.</li> </ol> <p>The said climate-related risks may also lead to climate-related opportunities since the government entity may develop climate-related public policy programs that could mitigate the risks or create projects that will produce low-carbon to mitigate the effects of climate change. However, that move of the entity to develop climate-related public policy programs might also have an impact on government budgets since they need to provide higher budgets to fund such programs/projects especially transitioning to low-carbon technologies.</p> <ol style="list-style-type: none"> <li>2. Ensuring transparency in reporting the entity's climate-related public policy programs and their outcomes is important because it helps the public and other stakeholders assess the effectiveness of government climate-related policies or programs. The budgets of the government are primarily sourced from taxes, thus, citizens and other stakeholders need to understand</li> </ol>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<i>Exposure Draft 1: Climate-related Disclosures</i>	
	<p>whether public sector entity's actions are working and meeting climate-related goals and objectives.</p> <p>However, there might be some gaps or challenges to consider:</p> <ol style="list-style-type: none"> <li>1. For primary users, understanding the concrete outcomes of climate-related policies/programs/projects may be difficult without clear, measurable results, or targets to properly implement. For example, how can the citizens or public easily assess whether a climate-related policy is being implemented, particularly achieving the intended reductions in GHG emissions?</li> </ol> <p>We suggest that in the disclosure requirements, targets for the climate-related policies/programs/projects be presented with the corresponding status of implementation. Generally, there are policies developed which are climate-related, but have a problem with its implementation. To address this, presenting the status of implementation annually as a disclosure requirement may provide information to the users of the financial statements if the entity is effectively implementing the policies/ programs/projects.</p> <ol style="list-style-type: none"> <li>2. The ED does not fully address how public sector entities should account for indirect climate-related risks, such as those outside their direct control but affecting the economy or society at large. These may include economic risks and social risks, among others.</li> </ol> <p>For economic risk, climate change can impact national or global economies in various ways, such as changes in agricultural production, scarcity in resources, or disruptions to supply chains due to extreme weather events or</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<i>Exposure Draft 1: Climate-related Disclosures</i>	
	<p>conditions. These shifts can affect public sector entities' revenues (e.g., tax revenue may decrease if the economy is struggling due to climate impacts). As to social risk, a severe drought may impact agriculture which may affect food insecurity and lead to social anxiety. Governments will need to allocate more resources to disaster relief, social welfare programs, or healthcare for those affected.</p> <p>The ED may emphasize more on how these broader climate-related risks influence government budgeting or social programs and what appropriate disclosures are necessary.</p>
<p><b>Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance – Own Operations)</b></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 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>The proposed approach of aligning with private sector standards (IFRS S1 and S2) and using the GHG Protocol seems logical and consistent with global best practices. However, since public sector entity play a vital role in the formulation of the climate-related policies/program/projects for the public, additional guidance might be needed on practical application of the policies on disclosure requirements, to ensure these standards are fully applicable, and feasible for implementation to public entities.</p> <p>The public sector might benefit from more specific guidelines or best practices for public sector emissions, particularly for governments with less technical capacity to report on emissions or with limited experience in sustainability reporting. For example, there could be specific guidance on GHG emissions from public assets/infrastructures that are unique to the projects of the public sector.</p> <p>Further, public sector entities may face challenges with the complexity of GHG Protocol calculations in actual applications. Offering simplified reporting options or flexible reporting guidelines based on the entity's size and capacity</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<i>Exposure Draft 1: Climate-related Disclosures</i>	
	<p>could make it easier for the entity, especially the smaller public sector entities to comply.</p> <p>May we suggest considering the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories which provides updated and sound scientific basis for supporting the preparation and continuous improvement of national greenhouse gas inventories. The said issuance may provide additional guidance on the proper implementation of the GHG emissions in the public sector.</p>
<p><b>Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6)</b></p> <p>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?</p> <p>The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.</p>	<p>The ED’s requirement to disclose public policy programs aimed at achieving climate-related outcomes is one of the important steps toward greater transparency and accountability in public sector climate action. It encourages the public sector entities to report on the policies, programs, and projects that are directly targeting climate change mitigation or adaptation. However, the status of the implementation of such policies, programs or projects should also be part of the disclosure requirements. This is to provide information on the effectiveness and feasibility of the policies being implemented on climate.</p> <p>Instead of limiting the scope to only climate-related policy programs with primary objectives to achieve climate outcomes, it might be beneficial to expand the disclosure requirement to include policies with indirect or secondary climate benefits. This could help paint a more complete picture of how government actions—such as urban planning, or energy efficiency initiatives—are contributing to broader climate goals, even if those policies may not be originally designed with climate change impact.</p> <p>Another alternative approach could be a flexible disclosure system where entities with more advanced or comprehensive climate policy</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<b><i>Exposure Draft 1: Climate-related Disclosures</i></b>	
	<p>programs report in greater detail, while smaller or less budgeted/resourced entities could provide simpler reports. For example, larger governments entities, such as national government agencies, might be expected to provide more detailed information, including specific targets, outcomes, performance metrics, status of implementation and the impacts of their programs for all programs/projects. However, smaller local government units may disclose the same information for larger governments entities but in simplified format especially in the calculation of performance metrics which may need additional skills and expertise to provide accurate information.</p>
<p><b>Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)</b></p> <p>This Exposure Draft provides public sector-specific definitions and related guidance for:</p> <p>(a) Public policy programs;</p> <p>(b) Public policy program outcomes; and</p> <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>We agree with the proposed public sector specific definitions as they seem well-suited for public sector reporting on climate-related policies and programs. However, the following comments and recommendations may be taken into consideration, to provide comprehensive definition and better guidance to the users.</p> <ul style="list-style-type: none"> <li>• On the definition of <i>public policy programs</i>, it might be advantageous to provide more specific examples of public policy programs related to climate change in the definition. It would help entities understand what kinds of programs should be considered for disclosure.</li> <li>• The definition of <i>climate-related public policy programs</i> could be broadened since it only focuses on programs aimed at achieving climate outcomes, which are typically about reducing emissions. We suggest expanding the definition to include other important climate-related actions, like those focused on adapting to climate change or strengthening climate resilience. Expanding the definition would provide a more complete view of how public policies/programs address climate change.</li> </ul>
<p><b>Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs</b></p>	<p>The requirement to disclose about an entity's strategy for climate-related public policy</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<b><i>Exposure Draft 1: Climate-related Disclosures</i></b>	
<p><b>(paragraphs 12 and AG2.24–AG2.31)</b>  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.</p> <p>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>programs is crucial for primary users, such as policymakers, stakeholders, and the public, to understand the rationale behind government actions and the expected outcomes.</p> <p>Given that this ED focuses on climate-related disclosures, we believe it is also important to disclose about an entity’s strategy for public policy programs that are not specifically aimed at climate issues but still have negative effects on the climate. For example, public sector programs aimed at expanding infrastructure, such as roads, railways, or industrial facilities, in forested or ecologically sensitive areas can lead to deforestation. The destruction of forests significantly contributes to climate change by reducing carbon sequestration and releasing stored carbon from the trees and soil.</p> <p>Along with this, there should be a clear outline of actions taken/to be taken to reduce or mitigate these impacts.</p>
<p><b>Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)</b></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.</p> <p>Do you 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?</p>	<p>We agree with the enumerated metrics and targets for climate-related public policy programs and targets for achieving intended outcomes of climate-related public policy programs, as they appear to be detailed and aligned with the information needed by the primary users.</p> <p>However, the term “other metrics” in paragraph 26.b seems broad and it may be unclear what additional metrics are expected or relevant to the needs of primary users. Aside from the listed other metrics in AG2.39, we suggest making a list of common metrics or categories, such as energy efficiency improvements, biodiversity impacts, social outcomes and the like.</p> <p>We suggest requiring the preparers to disclose their justifications when selecting “other metrics”, which are relevant and material to the climate-related public policy programs.</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<i>Exposure Draft 1: Climate-related Disclosures</i>	
	<p>Moreover, different entities may use inconsistent approaches, inputs or assumptions, making comparisons challenging for primary users. There are existing climate-related disclosure frameworks/standards developed by the Task Force on Climate-related Financial Disclosures (TCFD), International Sustainability Standards Board (ISSB) or Sustainability Accounting Standards Board (SASB), which could cause disintegration.</p> <p>For example,</p> <ul style="list-style-type: none"> <li>• IPSASB, Scope 1, Scope 2 and Scope 3 emissions are required to be disclosed, unless it is the first annual reporting period of the entity.</li> <li>• TCFD recommends disclosing Scope 1, Scope 2, and if relevant, Scope 3 GHG emissions.</li> <li>• SASB provides industry-specific guidance and metrics and suggests disclosing only Scope 1 and Scope 2 emissions for certain industries but emphasize specific emission sources, such as methane for oil and gas companies.</li> <li>• ISSB emphasizes alignment with TCFD.</li> </ul> <p>Therefore, a company using only SASB standards may report just Scope 1 and Scope 2 emissions. A government corporation following TCFD required under IFRS S2 are required to disclose Scope 3 if only relevant, while another government entity following IPSASB is required to disclose all three scopes. This inconsistency makes it hard for investors to compare the environmental impact of these companies, even within the same industry.</p> <p>To enhance consistency and comparability, it is advisable to align or cross-reference with established frameworks.</p>



REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<b><i>Exposure Draft 1: Climate-related Disclosures</i></b>	
<p><b>Specific Matter for Comment 7: Conceptual foundations (paragraphs B2–B15)</b></p> <p>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).</p> <p>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?</p>	<p>We agree that the definition of “materiality” is aligned with the IPSASB Conceptual Framework, which is an essential approach for an ED. However, we suggest including the definition of “Materiality” which was indicated in paragraph 3.32 of <i>The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i>, as an additional foundation, to wit:</p> <p>“Materiality depends on both the nature and amount of the item judged in the particular circumstances of the entity.” and “Consequently, it is not possible to specify a uniform quantitative threshold at which a particular type of information becomes material.”</p>
<p><b>Specific Matter for Comment 8: General requirements (paragraphs B16–B46)</b></p> <p>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).</p> <p>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?</p>	<p>We agree with the proposed disclosure requirements in the ED, aligning with private sector on general purpose financial reports and timing of climate-related disclosures, but may include some adjustments to fit with the current operations and process of the public sector.</p> <p>Public sector entities may face additional challenges in aligning their climate-related disclosures with private sector requirements, such as data gathering, measurement complexities, and reporting capacity, due to the ongoing move towards digitization. Unlike private sector firms which often may have established sustainability reporting frameworks and technology that will be able to gather larger and complex information, public sector entities may need more time to develop policies/guidelines or systems, and procure highly technical equipment and software that will be able to collect and report on climate-related information on time.</p> <p>To address this, the ED may consider three years transitional relief on the application of a phased implementation, allowing the public entities to develop their policies/guidelines or systems while</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<b>Exposure Draft 1: Climate-related Disclosures</b>	
	still adhering to a basic reporting structure.
<p><b>Specific Matter for Comment 9: Transition (paragraphs 30–33)</b></p> <p>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 operations and where applicable, relating to climate-related public policy programs and their outcomes.</p> <p>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>We agree with the proposed transitional provisions with some suggested modification which is to consider three years for the transitional relief on the application of phased implementation, allowing the public entities to develop their policies/guidelines to fully adhere to the disclosure requirements set in this ED.</p> <p>Further, we believe that Scope 3 greenhouse gas emissions should be included in the disclosure for the first annual financial reporting period. Although these emissions are indirect, they still contribute to the entity’s total emissions. A significant amount of greenhouse gases is emitted throughout the value chain, and excluding Scope 3 emissions from the disclosure could undermine the fair presentation of information in the financial statements.</p>
<p><b>Specific Matter for Comment 10: Other Comments</b></p> <p>Do you have any other comments on the proposed Exposure Draft?</p>	<ol style="list-style-type: none"> <li>1. We suggest including samples of action plans or actionable insights within the ED to enhance its practical application to its primary users. It may include best practices, industry benchmarks or examples of successful implementation of climate-related public policy programs.</li> <li>2. Paragraph 5 of the Scope of this disclosure requirement specified only <i>long-term</i> effect on the fiscal sustainability of an entity, which could result in an overlook of possible effects on a short-term scale, but that which could still be a valuable and necessary requirement to be disclosed.</li> </ol> <p>This part of the Scope not also aligned with Paragraph 11(d), which states that:</p> <p><i>Specifically, an entity shall disclose information about its strategy for managing climate-related risks and opportunities to its</i></p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<i>Exposure Draft 1: Climate-related Disclosures</i>	
	<p><i>own operations, including: Xxx</i></p> <p><i>d. The current and anticipated effects of those climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period and over the <u>short, medium and long term</u>.</i></p> <p>We suggest aligning Paragraph 5 under Scope to Paragraph 11(d) under Strategy, and include all short, medium and long-term effects of climate-related risks and opportunities to the fiscal sustainability of an entity.</p>