

## INTOSAI Development Initiative's (IDI) comments on IPSASB SRS ED 1 Climate-Related Disclosures

Specific Matters for Comment (SMC)	Comments
<b>SMC 1: Public sector operations and regulatory role (paragraphs 1-4)</b>	<p>The paragraph 1 of the Exposure Draft (ED) articulates the objective of establishing standards that guide entities to disclose vital information in their general-purpose financial reports concerning climate-related risks and opportunities linked to their operations, as well as the impacts of their climate-related public policy.</p> <p>However, the accompanying webcast on the SRS ED, available at <a href="http://www.ipsasb.org">www.ipsasb.org</a>, indicates that entities opting to adopt the SRS are not obligated to apply the IPSAS or any other generally accepted accounting principles (GAAP) or frameworks. It is essential to seek clarification regarding this intent within the objective and scope sections (Paragraphs 1 and 3) of the SRS ED. Specifically, it would be beneficial to explicitly state whether entities have the option to embrace a standalone SRS for disclosing and reporting climate-related information. This clarification would enhance transparency and ensure that organisations fully understand their reporting obligations and options in the context of climate disclosures.</p>
<b>SMC 2: Own Operations (Appendix A1: Application Guidance – Own Operations)</b>	No comments
<b>SMC 3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6)</b>	<p>The examples of public policy programs in AG2.4 (as well as the other examples mentioned throughout the SRS ED) are mostly focused on carbon emissions and mitigation. There seems to be an imbalance regarding <b>adaptation</b> to climate change as an outcome of the entity's operations (see also our first comment in SMC10). For example, the Standard could require public entities who work with and deliver services to vulnerable populations (such as Indigenous groups, among others) to disclose how their strategies and decision-making consider the adaptation of these populations to climate change, including whether there's engagement with such groups to better understand their actual needs and challenges in benefiting from the services delivered by the entity.</p> <p>Moreover, paragraph 4, which refers to the flow chart in paragraph 3, states that 'Disclosures about climate-related public policy programs and their outcomes will only be</p>

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	<p>applicable for those entities that are responsible for the outcomes of such programs.' However, it might be disputable whether a given entity is responsible or not for certain public policy programs and outcomes. One example is subsidies and incentives, mentioned in AG2.4(c): many entities (e.g. Ministry of Transports) believe that subsidies/incentives are under the responsibility of Ministry of Finance (or similar), while the Ministry of Finance attributes this responsibility to the entities that are linked to the area to which the subsidy/incentive is related (e.g. Ministry of Transports). There are other cases where responsibilities for programs/outcomes are not clear. Therefore, we suggest that the Standard require the entity to disclose its position on whether any programs/outcomes that are closely linked to its operations fall under the responsibility of another entity.</p>
<b>SMC 4: Public Sector-Specific Definitions (paragraph 7)</b>	<p>There seems to be an imbalance between climate mitigation and adaptation throughout the SRS ED. The majority of the definitions in paragraph 7 are related to mitigation and carbon emissions, for example. This comment is further detailed under SMC10, below.</p>
<b>SMC 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31)</b>	<p>No Comments</p>
<b>SMC 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)</b>	<p>No Comments</p>
<b>SMC 7: Conceptual foundations (paragraphs B2–B15)</b>	<p>No Comments</p>
<b>SMC 8: General requirements (paragraphs B16–B46)</b>	<p>No Comments</p>
<b>SMC 9: Transition (paragraphs 30–33)</b>	<p>The transitional relief of one year for disclosures related to own operations appears reasonable; however, the complexities surrounding public policy programs and their outcomes warrant a more thoughtful approach. Given the intricate nature of these disclosures, it would be prudent to extend the transitional provision for public policy programs. This additional time will ensure that organisations can provide comprehensive and accurate reports, ultimately enhancing the credibility and impact of the information shared.</p>

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	<p>The standard could provide the option of scalability as the governments and reporting entities differ in nature, size and the environment in which they operate.</p>
<p><b>SMC 10: Other comments</b></p>	<p><b>Comment on policy coherence for achieving outcomes:</b></p> <p>The SRS ED delves into an entity’s disclosures about <b>outcomes</b> of climate-related public policy programs. The achievement of national outcomes, including climate-related ones, depends on <b>policy coherence</b> and coordination, collaboration and communication across the public sector—an entity will not achieve national outcomes in climate-related public policy programs by its operations and working alone. It needs to engage with other public entities in its surrounding environment. It also needs to consider the complexity of climate action, which affects many areas of the public sector, the economy, social issues and nature. Therefore, we suggest that the entity discloses what measures have been taken to engage and collaborate with other public entities that are co-responsible for achieving the climate-related public policy programs outcomes. This could be done in several paragraphs of the SRS ED, including but not limited to:</p> <ul style="list-style-type: none"> <li>• AG1.15: the Standard recognises the interconnected nature of resources and relationships in the public sectors. However, the Standard could require the entity to disclose its efforts regarding policy coherence, coordination, collaboration and communication across the public sector towards the climate-related public policy program outcomes.</li> <li>• AG2.24: the Standard could require an entity to disclose how its strategy and decision-making are integrated to other public sector entities’ work regarding climate-related public policy program outcomes.</li> <li>• AG2.24(a): the Standard could require an entity to disclose its view on the responsibilities of other public entities for working together to achieve the mentioned outcomes.</li> <li>• AG2.8 states that ‘Entities may need to exercise judgment in determining whether they have responsibility for outcomes of a climate-related public policy program.’ It would be interesting if the Standard would require the entity to disclose the extent to which it considers itself responsible for certain outcomes, as well as mention which other</li> </ul>

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	<p>public entities are co-responsible for achieving such outcomes.</p> <ul style="list-style-type: none"> <li>AG2.25 mentions the factors that the entity may need to consider in its decision-making. Here, the SRS ED could also mention other public entities' roles and responsibilities regarding the programs and outcomes that the reporting entity is co-responsible for.</li> </ul> <p><b>Comment on more focus on adaptation to climate change:</b> There seems to be an imbalance between climate mitigation and adaptation throughout the ED. Most of the definitions in paragraph 7 are related to mitigation and carbon emissions, for example. Additionally, the requirements focus much more on mitigation regarding disclosures on emissions. The Standard could balance the focus to require disclosures regarding the programs and outcomes that are directly related to climate <b>adaptation</b> of the country—for example, entities working with vulnerable populations could disclose how their operations directly contribute to adaptation of such populations; entities responsible for some sectors of economy could report on their outcomes related to the adaptation of such sectors etc.</p> <p>Additionally, as of 2024, 60 countries had submitted their National Adaptation Plans (NAP) to the UNFCCC (<a href="https://napcentral.org/submitted-naps">https://napcentral.org/submitted-naps</a>). An NAP is a comprehensive plan for the country's adaptation to climate change and includes many areas of the public sector. The Standard ED could require the entity to disclose information on the steps taken to address the commitments stated in the NAP under the entity's responsibilities.</p> <p><b>Comment 3 on measures taken to address audit findings and recommendations from external oversight institutions:</b> The Standard could also require entities to disclose the measures taken to address and respond to audit findings and recommendations from audits undertaken by oversight institutions—such as Supreme Audit Institutions (SAIs)—on the climate-related public policy programs/outcomes. This could be mentioned in several paragraphs of the Standard ED, including but not limited to: Paragraph 11, AG1.25(a), B.AG56.</p> <p><b>Other comments to specific paragraphs:</b></p> <ul style="list-style-type: none"> <li>B.AG9, in the last sentence, provides examples of '...those who do not or are unable to articulate views (e.g., future generations).' The example in parentheses could also mention vulnerable</li> </ul>

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	<p>populations, such as Indigenous groups, the poorest, immigrants, etc.</p> <ul style="list-style-type: none"> <li>• B.AG12(c) mentions authoritative intergovernmental instruments (such as the SDGs and international conventions). It could also mention the UN Framework Convention on Climate Change (UNFCCC), as well as its ‘sister conventions’: the UN Convention on Biological Diversity (CBD) and the UN Convention to Combat Desertification (UNCCD). As for SDGs, the Standard could add the expression ‘2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs),’ for more accuracy.</li> <li>• B.AG40(c) mentions ‘the number of individuals affected...may be of such magnitude...’ Besides the number of individuals, it is important to consider the level of vulnerability of specific groups that are affected by climate-related public policy programs, even if they are in a small number (e.g. Indigenous peoples, rural populations, the poorest, immigrants, etc).</li> <li>• B.AG51 mentions that the entity shall ‘decide how to aggregate and disaggregate information in its climate-related disclosures.’ The Standard ED could require the entity to disclose the level of disaggregation of data that is available to inform decision-making and to feed the entity’s metrics. For example, Paragraph AG2.39(b) mentions metrics regarding climate-related physical risks related to e.g. geography, services, individuals—however, even if the entity decides to disclose information in an aggregate format, it is important to disclose to what extent it uses disaggregated data to inform decision-making.</li> <li>• BC18 mentions Paris Agreement and the SDGs as the latest international agreements on climate change. Other international agreements are also relevant and still valid, such as the agreements done during the Conferences of the Parties (COP) to the UNFCCC; it would be also interesting to mention the UN Conventions on climate change (UNFCCC), biodiversity (CDB), and desertification, which are relevant for the discussion around climate-related public policy programs outcomes.</li> <li>• The Standard ED seems to not require entities to disclose information regarding digitalisation of their own operations and of delivery of services as means</li> </ul>

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	<p>of mitigation and adaptation (e.g. digital processes reducing the use of paper and the need of transportation of individuals to the entity's facilities, digital tools to provide timely information to users of its services and to people affected by the programs outcomes the entity is responsible for etc).</p> <p><b>Editorial comments:</b></p> <ul style="list-style-type: none"> <li>• There seems to be missing the word 'programs' in the expression '...climate-related public policies' in Paragraph 26.b (i)</li> <li>• Double-check verb conjugation ('is' or 'are') in AG2.33 (which states "...the processes and policies... is...")</li> </ul>