

Mr. Ian Carruthers, Chair
The International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, ON M5V 3H2
Canada

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**CDP Comment to
Proposed International Public Sector Accounting Standards Board Sustainability
Reporting Standard, Climate-related Disclosures, Exposure Draft 1**

Dear Mr. Carruthers,

CDP thanks the International Public Sector Accounting Standards Board for Exposure Draft 1 which proposes public sector disclosure requirements. This work recognizes the vital role of disclosure and the importance of a public sector entity's access to capital markets.

CDP pioneered efforts for cities, states, public authorities and companies to disclose environmental impact, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Financial institutions with more than a quarter of the world's institutional assets use CDP data to help inform investment and lending decisions. Aligned with the ISSB's climate standard, IFRS S2, as its foundational baseline for corporate disclosure, CDP integrates best-practice reporting standards and frameworks in one place.

More than 24,800 companies and over 970 cities, states, regions, and public authorities disclosed environmental data through CDP in 2024. CDP data is used to track progress against net-zero commitments as well as towards global goals such as those set out in the Sustainable Development Goals and Paris Agreement.

CDP's disclosure from cities, states, regions and public authorities

In 2024, CDP secured disclosure on climate change risks, emissions, climate mitigation, adaptation and resilience actions from cities, states and regions worldwide. In addition, CDP tracks hundreds of municipal infrastructure projects seeking funding which is shared across CDP's diverse networks including the 700+ investor signatories to CDP who hold over \$142USD trillion of assets under management.

CDP's disclosure for governments is aligned with the reporting requirements of several frameworks and initiatives. Since 2019, CDP and ICLEI—a global network of 2,500 cities, towns and regions committed to sustainable urban development—have offered a common

platform for cities to report their climate action, called CDP-ICLEI Track. CDP's questionnaire reflects existing reporting frameworks for the Global Covenant of Mayors Common Reporting Framework (CRF), the UNFCCC's Race to Resilience and Race to Zero campaigns, the Sustainable Development Goals, ICLEI initiatives, C40 Cities, WWF's One Planet City Challenge, the NetZeroCities Initiative, Under2 Coalition, and RegionsAdapt. Additionally, CDP is aligned with the Task Force on Climate-related Financial Disclosures and provides guidance that maps its recommendations to CDP's Cities and States and Regions questionnaires.

Summary

The proposed public sector disclosure requirements could greatly benefit public sector entities and data users in their climate action planning, implementation efforts and reducing emissions. The requirements included in SRS ED 1 would provide a substantial improvement to the availability of guidance for climate-related disclosures tailored to public sector entities in line with global best practices. Key points of our feedback include:

- **Scope of Public Policy Programs:** The draft currently requires disclosure of public policy programs with a primary climate-related outcome. This would limit the disclosure of many public policy programs as cities, states and regions often integrate climate action with other social and economic goals. We suggest that public sector entities be required to disclose all public policy programs with any potential climate-related co-benefits, outcomes or impacts.
- **Challenges in Measuring Policy Impact:** Public sector entities, particularly cities, struggle with attributing emissions reductions to specific policies. A suggested alternative is requiring territorial/jurisdictional greenhouse gas emissions inventories, which provide a more comprehensive picture of climate-related public policy outcomes.
- **Transition and Capacity Considerations:** Public sector entities would benefit from a phased transition approach and additional resources like templates and multilingual support to enhance accessibility and compliance.

The IPSASB has produced a standard that aligns with the core values and mission of CDP, to provide clear, actionable data that is readily available and builds upon the 20+ years of disclosure CDP has developed. Additionally, CDP applauds the efforts to align global best practice through an international reporting standard for public sector sustainability reporting. We would welcome the opportunity to discuss further these points and how CDP can collaborate on subsequent drafts of the Sustainability Reporting Standard. For further information or clarification, please contact:

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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).

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.

We disagree with the approach for climate-related public policy programs and do not think the approach captures information needed by data users. Disclosure of public policy programs would be limited by the current requirement to include only public policy programs with a primary climate-related objective. Public sector entities should disclose public policy programs beyond those with a climate-related primary objective to more fully capture progress against targets and plans for reducing greenhouse gas emissions and strengthening climate resilience.

An alternative approach to disclosure of climate-related public policy programs is to request territorial/jurisdictional greenhouse gas emissions inventories which could meet the needs of data users to assess public policy programs. Cities are responsible for over 75% of global CO₂ emissions, while they only have direct control over an average of 4% of emissions. Cities, local governments, states and regions should disclose territorial/jurisdictional emissions to fully capture the public sector entity's ability to drive behavioral change through legislation, regulation, and/or spending and to track progress against public policy program objectives.

Please see "Specific Matter for Comment 3" for additional comments.

Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance – Own Operations)

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).

Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?

We agree with the approach and appreciate that it allows for public sector entities to select the most appropriate emissions accounting methodology for their own operations emissions. CDP recognizes that not all entities may find the GHG Protocol: A Corporate Accounting and Reporting Standard (2004) to be the most appropriate methodology for calculating own operations emissions. In addition to the GHG Protocol: A Corporate Accounting and Reporting Standard, CDP disclosers have reported own operations emissions using alternative methodologies including:

- Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC), (WRI, C40 and ICLEI)
- Local Government Operations Protocol (ICLEI USA, The Climate Registry, California Climate Action Registry, California Air Resources Board)
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- Greenhouse Gas Protocol: Public Sector Standard
- International Emissions Analysis Protocol (ICLEI)
- ISO 14064
- Australian National Greenhouse and Energy Reporting (Measurement) Determination
- Own methodology used to calculate emissions from government operations
- National Carbon Offset Standard (NCOS)
- UK Government Environmental Reporting Guidelines

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?

To support disclosers, additional examples of public policy programs in AG2.4 could be expanded to include those with a focus on ecosystem-based actions and agriculture.

Regarding the approach to require disclosures about public policy programs with a primary objective to achieve climate-related outcomes, we do not agree that disclosure should be required only for programs with a primary objective to achieve climate-related outcomes.

Cities, states and regions face several barriers to delivering climate action and one barrier is making the case for climate action successfully to decision-makers and stakeholders to implement and embed climate actions. Even if a city's main goal is delivering climate action,

framing climate action as a top priority of a policy and other non-climate outcomes as less important co-benefits may not be effective for getting buy-in from city stakeholders who are managing multiple priorities and may not consider climate action to be their primary focus.

Evidence shows that planned climate action can result in multiple positive non-climate benefits such as reduced air pollution, job creation, reduced inequality and improved public health. Designing policies that tackle both climate change and other city priorities can bolster support from local stakeholders and increase the likelihood that the policy will be approved by decision-makers. We suggest that public sector entities disclose all public policy programs with any potential climate-related co-benefits, outcomes or impacts.

For more information, please see CDP's report, [*The Co-Benefits of Climate Action: Accelerating City-level Ambition*](#), prepared in partnership with the Tyndall Centre for Climate Change Research and the Centre for Climate Change and Social Transformations.

Additionally, and as a best practice example, the EU Sustainable Finance policy framework applies a "Do No Significant Harm" (DNSH) principle. Learning from this principle, disclosure on only public policy programs with a primary climate-related objective can create a blind spot on activities that are harmful to climate change.

Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)

This Exposure Draft provides public sector-specific definitions and related guidance for:

- (a) Public policy programs;*
- (b) Public policy program outcomes; and*
- (c) Climate-related public policy programs.*

Do you agree with the proposed public sector-specific definitions and guidance? If not, what alternative definitions would you propose and why?

We agree with the definitions and related guidance for:

- (a) Public policy programs; and
- (b) Public policy program outcomes.

We suggest that the definition of climate-related public policy programs be expanded from "primary objective to achieve climate-related outcomes" to include public policy programs with any climate-related outcomes or impacts. Since many public policy programs have multiple objectives and political contexts may not allow for a primary climate-related outcome, this alternative should lead to more robust disclosure.

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?

Primary data users will find that disclosure requirements on strategy for climate-related public policy programs will meet their information needs. In paragraph 12 and in AG2.24(d), and AG2.24(e), the guidance could be strengthened to include conditional components reliant upon factors outside the direct control of the entity to achieve the intended outcomes of climate-related public policy programs.

Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)

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 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?

The proposed required disclosures about metrics and targets provides useful information for primary data users. However, there may be difficulties for public sector entities-particularly cities, local governments, states and regions- to estimate the greenhouse gas emissions reasonably attributed to a climate-related public policy program. Based on data reported through CDP-ICLEI Track, cities have cited difficulty in calculating emissions reductions attributed to a singular public policy program. For example, in 2023, approximately 25% of cities participating in the WWF One Planet City Challenge through CDP-ICLEI Track disclosure reported emissions reductions actions greater than the total emissions in their jurisdictional inventory, which highlights that cities struggle to collect high quality emissions reduction data attributable to individual actions.

Particularly for cities, local governments, states and regions, data users may find that a territorial/jurisdictional emissions inventory provides higher quality data to track progress

against climate-related public policy outcomes, targets and other metrics to monitor performance. Public sector entities that are not cities, local governments, states or regions may be better able to quantify estimated emissions reductions from policy programs with reasonable certainty.

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?

CDP's questionnaires for cities, states and regions do not include a definition of materiality. Disclosure requirements should address the broad environmental spectrum, as it is not possible to tackle climate change without looking at the environment at large, including risks opportunities, dependencies, and impacts of the entity on the economy, people and planet.

CDP appreciates that B.AG31 acknowledges that different users of data have different data requirements.

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?

CDP has no comment.

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 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?

CDP fully supports annual disclosure. We agree that a transition provisions approach would support disclosers adopting the disclosure requirements. A phased transition provisions approach is also an opportunity for the IPSASB to introduce equity into the application of the standard that acknowledges different contexts and capacities of public sector entities.

When considering an example for a phased approach that allows for differences between discloser entity type, a working example would be the Science Based Targets Initiative (SBTi) and Science Based Targets Network (SBTN) Climate Guidance for Cities. SBTi, the initiative for companies wanting to set science-based climate targets, is the source of inspiration for the Science Based Targets Network, which was established to develop tools and approaches to help cities and local governments set science-based targets. The SBTN's core principles allow for differences in the capacity and resources of cities and local governments compared to those of companies through the SBTi standards.

Due to varying contexts and/or resources, public sector entities may not find it appropriate or feasible to prepare a greenhouse gas emissions inventory annually, for own operations and/or climate-related public policy programs. In these instances, we support disclosers to annually update as much information as possible and to include their most recent greenhouse gas emissions inventory.

In 2023, 30% of cities did not report a GHG emissions inventory to CDP. Additionally, fewer than 20% of cities and local governments disclosing to CDP in 2024 reported having an own operations emissions inventory. Many cities and local governments indicated this is due to lack of expertise, technical capacity, financial capacity or due to other higher priorities. Further, some feedback from cities is around data quality – cities reported that their activity and emissions factor data was low quality. Developing an emissions inventory is a time- and resource-intensive process that relies on the availability of local data, city technical capacity and/or resources to outsource to consultants; and many local and regional governments are struggling to measure their emissions. In some cases, the emissions data exists but it is held by other stakeholders (for example, other tiers of government or utilities providers). Accessing that data requires a lot of networking and communication with different stakeholders, delaying

inventories development or sometimes resulting in data gaps. Data from CDP in 2023, indicates that most cities, states and regions were reporting inventories that were between two (23%) and three (20%) years old.

Cities and local governments have identified that their readiness and capacity limit their adoption of climate-related reporting requirements. Many are hesitant to disclose in line with available standards and frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD), for fear of negative consequences from data users due to the maturity of the local government's reporting capabilities. To improve the quality of disclosure and to reduce reporting burden, we recommend that templates and example responses be made available for public sector entities, to include resources outlining alignment with other public sector standards globally.

Specific Matter for Comment 10: Other Comments

Do you have any other comments on the proposed Exposure Draft?

CDP would like to recommend that the IPSASB consider publishing an accompanying XBRL taxonomy to improve accessibility and comparability of disclosures.

To increase global access of the Sustainability Reporting Standard, Climate-related Disclosures, CDP recommends that the final draft be made available in multiple languages. For example, CDP Cities and States and Regions questionnaires are translated into Spanish, Portuguese, Chinese and Japanese.

In Closing:

The IPSASB has produced a standard that aligns with the core values and mission of CDP, to provide clear, actionable data that is readily available and builds upon the 20+ years of disclosure CDP has developed. Additionally, CDP applauds the efforts to align global best practice through an international reporting standard for public sector sustainability reporting. We would welcome the opportunity to discuss further these points above and how CDP can collaborate on subsequent drafts of the Sustainability Reporting Standard.