

“Earth is a barren piece of land without its climate”.

Its a pleasure to contribute our views on the IPSAS SRS1 ED ‘Climate-change Disclosures’.

We appreciate the tremendous effort by the Board and its supporting staff to give the SRS1 a tangible shape. We stand with you.

We take seriously the accountability about the climate-change by the governments and state-owned institutions because it’s of greater impact than the private funds. (Response 2)

The disclosures in SRS 1 is an attempt to address the often conflicting development needs of the society and its adverse impact on the environment. The purpose of existence of the SRS1 in the end must be to steer its followers gently towards a collective responsibility of net-zero carbon footprint on the environment as an achievable goal. (Response 10)

Let’s keep our eyes on the big picture. The quality of disclosures relates directly to the framework of measurement of emissions of the entity. Something like a principal financial statements, there should be a document that gives the primary user an overall picture of the impact of an entity on the environment in terms of emissions measured. The disclosures given in the SRS1 flow from it. That statement is missing from SRS 1. (Response 10)

For example, a ‘Statement of Greenhouse Gas Emission’¹ for a specific period from which flows the general disclosures of the SRS1 as its integral part. It is a summary-quantitative-statement of one page (followed by details in the form of notes) that measures the entity emissions, its impact and the measures taken to mitigate it (via carbon credits). It can be said to be equivalent to the principal financial statement of financial performance at the year-end.

Here we express our difficulty in following the substance of the requirements of the SRS 1 because of its language. We noticed many passages in its text that can be much better expressed in fewer words without clutter. I feel other commentators may have also experienced avoidable demands on their time and efforts. (Response 10)

We support a measured gradual approach as IPSASB moves towards finalizing SRS1 adoption and implementation, given its novelty. We say this with the awareness about the need of its urgency but its band-aid approach. The urgency may well be the reason

¹ Statement of Greenhouse Gas Emissions (including Independent Accountants’ Review Report) Wells Fargo & Company For the year ended December 31, 2023. [Statement of Greenhouse Gas Emissions](#).

for its present volume and the effort to make it equivalent to the IFRS S1 and S2 at the cost of its understandability by the stakeholders. (Response 9)

Among our conclusions are that the Board should define a framework of emission accounting scientifically and systematically. Our first step is the accurate measurement of emissions of the entity and the next its disclosure. Also, design a mechanism to place reliance on the disclosures made by the public entities.

A summary of our comments on SRS1 ED is as follows-

Summary of Comments:

General Comments:

1. Use clearer and simpler English to outreach better understanding of the stakeholders. Make the requirements of the SRS1 clearer for the compilers of this information; translators and its primary users.
2. Specify 'user-friendly' as a qualitative characteristics of useful information on climate-change. Express the need for presenting relevant information as graphs, diagrams, flowcharts and other aids. Include in the 'Illustrative Examples', how relevant information may be more understandable for the user in a form other than text and digits only. Put together as qualitative characteristic of relevant information, in a single place, the requirements relating to the referencing and cross-referencing within or outside the document.

Related Comments:

1. We prefer to see the SRS1 as a stand-alone document consolidating, updating and fortifying the twin aspects of measurements and disclosures (may be in two volumes or separate SRSs). Frequent references to other sources and documents makes an effort of presentation fragmented and scattered. We see the measurement and disclosure of emissions as twin aspects of equal importance. (See Response 10)
2. Climate-change is a global priority. we call for a sharper focus why we are doing it?, linking the global priority with SRS 1 ED.

The mission of SRS1 ED is to create awareness about emissions of the entity and achieve a net zero emissions in the long term. *We would like to see it linked to the United Nations' Sustainable Development Goals, specifically Goal 13, which addresses climate change.* These facts should be mentioned in the SRS 1 ED. (See Response 10)

3. Let the disclosure be a part of the 'Principal Statements' of Emissions Accounting. Like an accounting framework, there should be a framework for accounting of emissions by an entity. Here is a need to systematically scientifically measure, summarize, and aggregate the impact of emissions quantitatively in terms of the Scope given in the SRS1 in the form of 'Statement of Emissions'. Fortify this statement with a proposed 'Statement of Changes in Emissions'² which reconciles emissions of one year with the last one. (See Response 10)
4. Address overlapping and unique information needs of primary users. Recognise information needs of primary users of private and public sector as overlapping and unique. The primary users of private and public sectors are different, even though there is some overlap. The disclosures for the public sector should not be aligned with IFRS S1 and IFRS S2. Similarly, the information needs of both sectors are different, and a one-size-fits-all approach is not appropriate. (Response 2)
5. We support that the form and substance of the SRS1 is simpler, clearer, more focused, and easier to adopt for its followers. Exclude climate-related public policy programs (ppp) and its disclosures from its scope. We agree with the 'Alternative View' that the ppp are not properly aligned to the objectives of SRS1. The ppp is better off dealt in a separate standard. (See Response 1)
6. The ED consolidates in a single SRS1 ED the requirements of IFRS S1 and IFRS S2, and adds to the SRS 1, the requirements of public policy programs constraining breathing space. The burden dampens the enthusiasm for its implementation. The urgency in compiling the SRS1 also explains some unresolved issues, such as assuming similar information needs for both sectors.
7. The transition relief of one year is likely to be insufficient. Urgency apart, the entities should be given the option to start making phased transitions from next year. We believe in progressing towards the right direction even if the pace is slow but consistent. (Response 9)
8. The absence of a timely reliable mechanism that adds credibility to the disclosures by public-sector entities. This significantly enhances the risk of self-interest threat to the disclosures. It would be incorrect to assume lesser quality of audit in public sector. However, like the external auditors, would the auditors have the access to the experts to verify the management claims. The weaknesses in measuring emissions erodes the reliability of management claims because the requirement of an oversight is not there. (Response 10)
9. Disclosures come with a cost for those within its scope. The cost of compliance should be considered for every standard, including this one. The board should consider the cost implications of what is proposed.

10. We would also like to focus on climate-related risks and opportunities with metrics and targets, rather than all four pillars, to reflect disclosures unique to public sector entities.

Specific Matter for Comments

1: Public sector operations and regulatory role (paragraphs 1-4):

Response 1:

1.1 We agree with the requirements for the governments and its public sector entities to provide disclosures about the climate-related risks and opportunities that are expected to affect its own operations.

As primary users, we are interested in understanding the overall aggregate impact of emissions of a public sector entity on the climate. It must be measured by a principal statement known as 'Statement of Greenhouse Emissions' for a period ended.

1.2 We do not agree with the requirement of the entities to disclose climate-related public policy programs (ppp) and their outcomes when an entity has responsibility for those programs and their outcomes.

The above requirement can easily be manipulated.

The ppp is future-related. There is nothing on ground, and its is without an authority to validate the disclosures.

Furthermore, the requirement of ppp disclosures would generate an enormous volume of irrelevant information diluting the understanding of the user.

This will happen at the cost of slowing down the process of producing timely financial reports for the users. It will dilute the impact of disclosure of the risk and opportunities that are expected to affect an entity's own operations;

We would not like to place such burdensome requirement on the user at this stage. It may be considered at a later stage as a revision, if considered necessary.

1.3 *Alternatively, priority may be given to the disclose of public policy programs in SRS1 ED, to be followed by another SRS of the entity own disclosures.*

We recommend suspending compliance with anyone topic at this stage.

Question 1:

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,

² The proposed statement is equivalent to the 'Statement of Cash Flows' for a period ended.

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.

2: Own Operations (Appendix A1: Application Guidance – Own Operations):

Response 2:

2.1 We agree that aligning disclosure requirements about an entity's own operations with the private sector guidance.

Our observation follows.

2.2 Public sector entities pursue different objectives. Private sector entities are more aligned to the commercial objectives. Public-sector entities are more responsible for the allocation and deployment of funds for the public welfare.

2.3 As a temporary benchmark, public sector may be aligned with the other. However, we see public sector entities as more accountable as they use public funds of larger amounts. We do not see it as a permanent solution to use the private sector guidance in the long term.

2.4 Also, public sector entities have a common ownership. It may be seen as a collection of a large group of entities, the ultimate parent of which is the Government of a country. The quantum of private funds is small in comparison even for large size entities. Private sector entities are held by many individuals.

Question 2:

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). The ED includes an option that the 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? (Edited)

3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6):

Response 3:

3.1 We do not agree regarding the disclosures about public policy programs with a primary objective to achieve climate-related outcomes.

3.2 The scope of ppp should be excluded from SRS1 ED and taken up separately from entity's own disclosures.

3.2 We agree with the 'Alternative View' in the SRS1 that the public policy programs should not be a part of this SRS1. This means that we do not agree with the scope of public policy programs included in required disclosures.

Question 3:

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.

4: Public Sector-Specific Definitions (para 7):

Response 4:

4.1 We do not agree with the inclusion of public policy program. The question assumes that we do. We find these definitions and the discussion about the ppp out of place. It should be a part of a separate Standard. We do not consider if they are acceptable for this Standard.

Question 4:

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?

5: Strategy for Climate-related Public Policy Programs (para 12 and AG2.24–AG2.31)

Response 5:

5.1 We do not agree with the disclosure requirements on strategy for climate-related public policy programs.

5.2 Strategy for ppp is the key area of difference between public and private sector climate related disclosures because of sector's ability to influence actions of other entities and individuals (see BC72).

Strategy is not fixed. Its implementation may change because of the requirements of time. Priorities are dynamic as well. There is no accountability of a strategy.

5.3 Strategy is a statement of intentions which may or may not be true.

5.4 Description of strategy appears to be a strain on the ability of the user to the information most relevant to his needs. It appears to us more as a purpose-specific than general-purpose requirement.

Question 5:

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?

6: Metrics and Targets for Climate-related Public Policy Programs (para 26–27, AG2.34–AG2.44):

Response 6:

We do not agree that these disclosures meet the information needs of primary users of the report with this disclosure for the following reasons-

6.1 It distracts the user in subjective matters.

6.2 I doubt the reliability of estimates, as a total figure is possibly required.

6.2 The more disclosure we require, the slower the process of releasing the relevant information to the users of financial statements.

Question 6

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?

7: Conceptual foundations (para B2–B15)

Response 7:

We agree with the definition of materiality and primary users of public sector general purpose financial reports.

Question 7:

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?

8: General requirements (para B16–B46)

Response 8:

8.1 We do not agree with the requirement for an entity to include climate-related disclosures in its general purpose financial reports.

8.2 We rate the requirement of financial and climate-change accountability equally. None more than the other. However, we would not like to tie one with the other. We see the as two separate processes.

Linking the financial and climate-change accountabilities is likely to slow down one process for the other. We would like to see these processes independent of each other.

8.2 We would like to agree with the requirement that an entity reports its climate-related disclosures at the same time as its related financial statements. However, the constraints in doing so refrain us from agreeing to it, This cannot be done without undue hardship to release both reports at the sametime.

We admit that releasing both the information at the sametime is a matter of discipline and priority assigned to both. That giving one a priority over the other is not the right.

Question 8:

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?

9: Transition (paragraphs 30–33)

Response 9:

We do not agree with the disclosures relating to an entity's own operations and where applicable, relating to climate-related public policy programs and their outcomes.

We think that the fresh disclosures should be most relevant for the users to assess if it's a priority of the entity and people in it to be aware of the carbon footprint it is creating.

Question 9

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?

10: Other Comments

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

Response 10:

I would like to raise the following matters:

10.1 Principal statements.

An overall framework of principal statements of emissions accounting is missing from our discussion. The SRS 1 talks about the climate-change disclosures which we consider an integral part of principal statements. Our first step in terms of defining, measuring, reporting emissions needs a general purpose framework. Why do we have

to see each disclosure not as a whole, integrating the overall position in the form of a 'Statement of Emissions'?

Similarly, a proposed 'Statement of Changes in Emissions' supports a Statement of Emissions. It reconciles the total emissions emitted by the entity.

Are these aspects left out as jurisdictional matters or at the individual discretion of the preparers of such information?

10.2 Graph, diagrams, user-friendliness: anyone?

The SRS 1 uses the word 'graph'³ and 'diagram'⁴ twice only. The SRS1 contains many passages that may be much better reflected for understandability through a flow-chart or diagrams. The fact that the illustrative examples are without any graphs or diagrams does not make any difference in user understanding? There are many paragraphs that can be written with much clearly for the users.

Qualitative characteristics of climate-related information. 'User-friendliness' is a term often used to describe a characteristic of information. It is term signifying that the prepares of information have made a conscious effort to take care of the needs of the user.... by presenting information in a form where it becomes easy for the user to understand and conclude?

Reference.

It is normal to refer or cross-refer one passage with a source in a long document. The word 'reference' is used in SRS1 B25 with further explanation included in SRS1 B.AG 62-64 about information included by cross-reference. I have a clear preference to see the characteristic of 'reference' and 'cross-reference' as more appropriately placed in the SRS1 Appendix 3.

The SRS1 is a lengthy document. An index is likely make it more less user-unfriendly.

10.3 Cost of compliance.

The SRS1 mentions the right matters relating to the cost of compliance⁵ in general terms. The assurances given of the justification do not satisfy us as a follower of thie SRS1. We believe that the SRS1 places a burden of cost on its followers for compliance. The SRS1 claims a careful review of its requirements. However, we think we need to go a step ahead . The SRS1 should be bold to give its users an idea of recurring cost for its compliance. This information should be a part of all the future standards.

³ The word 'graphs' used only twice in one para throughout the SRS1. No Illustration of graph as an example given. This gives user an idea of the place its occupies with the IOSAB in assigning priority for user understanding. See para C18

⁴ The word 'diagrams' similarly used only twice in para C18 SRS1.

⁵ Cost-benefit in BC 103 and also in C36 to C40.

10.4 Country perspective.

The state of affairs of our State Owned Institutions and Entities since 1947 in majority has been such that it is difficult for them to place the public financial accountability in the spirit of building public trust in them.

The Annual Financial Statements of the Federal Government of Pakistan are prepared more as a constitutional formality; they are released many months subsequent to the reporting date. The Financial Statements for the fiscal year 2024 may well be inaccessible online.

Our state of accountability for public resources is unsatisfactory from the top to the bottom. I pray that our representative federal and provincial governments adopt SRS1. We must be positive in thinking that our accountability of public resources will improve dramatically in coming few years. We expect the ditto challenges in existing accountabilities in public sectors in most developing countries.

10.5 This ED may be bold step to bound the SOE to make proper disclosures. However, it think it is largely misdirected; it should be the governments assuming responsibility. What is there as a Sustainability Standard to know the measurements of Carbon footprint is because of the SOE or because of government itself?

10.6 When it comes to the climate-related changes, the SRS1 focuses on the matter of disclosures only (and that in a narrow manner). This is possibly because the preparers of the disclosures do not have the expertise to have a say in the matters of measurement of emission. This is unlike accounting where the measurement and disclosure with few exceptions is primarily their responsibility.

The climate-related impact of an entity and its operations is measured through the emissions. The purpose of its disclosure is to heighten the awareness about the emissions of the entity 'as a whole' and take measures to mitigate its damage. This point appears to be missing from the SRS1.

The dependence of disclosing emissions on the framework of measuring emissions must be described in full in the SRS. The measurement is not done by the preparers and methodologies must be described.

10.7 Citing the UN SDG 13 for initiating SRS 1 ED

What problem are we trying to solve with the SRS1 ED? What is the real purpose of the SRS1 ED? What difference the SRS 1 ED is going to make?

Our study of the above questions bought us to the UN Sustainable Development Goals and specifically SDG!13 which is about taking measures to tackle climate change.

Many governments around the world are following these goals. These facts must be a part of the SRS 1ED as well and not in the background.

The following is an extract how

the progress was reported for the year 2024 by UN

Climate/biodiversity crises (SDG 13, 14, 15): 2023 was the warmest year on record, with global temperatures nearing the critical 1.5°C threshold. Greenhouse gas emissions and atmospheric CO2 concentrations continue to reach new highs.

o Fossil fuel subsidies hit a record high globally in 2022-- exceeding \$1.5 trillion.

o Species extinction risk continues to worsen, as evidenced by a 12 per cent deterioration in the Red List Index between 2024 and 1993.

o In LDCs, the disaster-mortality rate is 170 per cent higher than the global average.

o Record high ocean temperatures have triggered a fourth global coral bleaching event. [SDGs Report Key Findings 2024.pdf](#)

10.8 Absence of Assurance Mechanisms

There is no assurance mechanism for compliance with the SRS 1 ED. Such mechanism is needed to ensure more realistic climate-change disclosures. There is no way for the primary user to be assured of the reliability of the information.

The public sector follows different objectives than the private sector in terms of its operations and financial accountability.

It took decades for the private entities to evolve a process of governance and accountability which involves releasing time-sensitive financial statements and disclosure framework. It involves the process of audit of financial information. Even here the auditors are not responsible for the other information containing in the annual reports except when its incompatible with the financial disclosures. The system of financial accountability is accorded highest priority and protects the audit and assurance as a separate mechanism.

These checks are applied to the public sector in different manner. The requirement of audit may happen way after the financial accountability. The two are not aligned as in the private sector. Independence and Code of Ethics are foremost in private sector.

This limitation severely limits the effectiveness of the climate-change disclosures. There is a risk of heightened self-interest and employee turnover with staleness of information.