



**MINISTÈRE
DE L'ÉCONOMIE,
DES FINANCES
ET DE LA SOUVERAINETÉ
INDUSTRIELLE ET NUMÉRIQUE**

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**Conseil de normalisation
des comptes publics**

La Présidente

Paris, March 10, 2025

Mr Ross Smith
Technical director
International Public Sector Accounting Standards
Board
International Federation of Accountants
277 Wellington Street, 4th floor
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Ontario M5V 3H2 CANADA

Re: Response to Exposure Draft SRS ED1, *Climate-related Disclosures*

Dear Mr Smith,

The French Public Sector Accounting Standards Council (CNOCP) welcomes the opportunity to comment on Exposure Draft SRS ED1, *Climate-related Disclosures* (SRS ED1).

We commend the IPSASB for elaborating, in a one-year time frame, a draft sustainability reporting standard addressing sustainability information from both the perspective of public sector entities' operations and the specific regulatory role of some public sector entities.

We think that there are overall positive outcomes from aligning SRS ED1 with ISSB's standards for the "own operations" part. Existing literature in the private sector provides solid grounds where reporting objectives in the public sector are similar to those in the private sector. This also helps with comparability between jurisdictions, as well as between the private and public sectors as far as entities' operations are concerned.

While we understand that the IPSASB doesn't favour using the concept of "double" materiality, we do believe that one of the main characteristics of the public sector is that the citizens and their representatives are as interested in environment issues as financial investors are. In that sense, as regards "own operations", we would encourage the Board to require, in the core text rather than in application guidance, to report information about an entity's own operations' impacts.

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We also appreciate the efforts put into proposing public sector specific guidance for climate-related disclosures for public policy programs.

While we acknowledge that this is a very complex and challenging uncharted space, we believe that this part of SRS ED1 would benefit from further thinking, as we develop in our responses to the various questions. In that sense, we're not convinced that bringing together in one same standard sustainability reporting requirements on public sector entities' operations and on the specific regulating role of some public sector entities is efficient. The feedback we have from our constituents is that this might be confusing for the users of the future standard. We would therefore recommend that the IPSASB should split SRS ED1 to finalise the part on own operations and then should reflect further on the part on public policy programs.

In addition, we believe that a climate-related public policy program cannot be fully assessed without taking into account all the effects of other public policy programs. We would therefore recommend that the IPSASB should continue working towards designing sustainability reporting requirements with a view to provide information on the impact of all public policies, including those with a negative impact. This would usefully provide a global picture of balanced sustainability information on public policies and, further on, valuable information in terms of sustainability commitments.

As pointed out in our response to SMC2, the term "own operations" is already used in the GHG Protocol with a slightly different meaning than that in SRS ED1. This leads us to recommend to find another, such as "operational activities".

We also noted that existing literature such as the Policy and Action Standard from the Greenhouse Gas Protocol (GHG Protocol) brings a wealth of guidance on the public policy program part of SRS ED1, although it is only mentioned in AG2.36 and BC83. We would therefore suggest to give more prominence to the Policy and Action Standard and to describe how it may help implementing the requirements.

Another frequent comment that we collected from our constituents is the importance of addressing topics such as the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems¹. Though we understand the constraints of the IPSASB and the reasons why disclosures are limited to those related to climate in SRS ED1, we urge the IPSASB to continue setting requirements beyond just the effects of the climate.

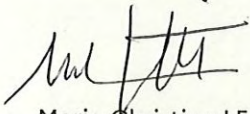
In addition, we would suggest that the IPSASB should communicate on the gap that SRS ED1 intends to bridge in a sustainability reporting space where other initiatives and tools such as green budgeting and macroeconomic models already provide a wealth of data. This would help engaging the users' community to prepare and base decisions on sustainability reporting in accordance with IPSASB SRS guidelines.

¹ These are the four environmental objectives of the EU Taxonomy.

Lastly, from a preparer's perspective, we would like to echo our constituents' comments that SRS ED1 is difficult to navigate as there is a lot of important guidance in many different locations. Because users are not familiar yet with Sustainability Reporting standard-setting, we would suggest to communicate on how to navigate the future pronouncement, for instance explaining how appendices can help use judgement in applying the requirements.

We present detailed responses to the Specific Matters for Comments in the appendix.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Marie-Christine LEPETIT', with a stylized, cursive script.

Marie-Christine LEPETIT

APPENDIX

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?

This Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.

We agree on the approach that distinguishes own operations from public policy programs, as it reflects and addresses the specificity of the public sector.

However, we believe that own operations and public policy programs are of such different natures that combining requirements in one same standard is confusing. That own operations in the public sector should follow requirements set out for entities in the private sector makes sense, and we support the approach for own operations. Conversely, when it comes to public policy programs, sustainability information is from a distinct perspective and on a different scope, even though data may overlap. In addition, sustainability reporting requires a fully different approach and should be articulated with macroeconomic and budgetary data that may be provided elsewhere. Therefore, we would recommend that the Board should consider splitting SRS ED1 in two parts, one on climate-related disclosures on own operations, and the other on climate-related disclosures on public policy programs. This proposed course of action would allow for the timely publication of a fully operating standard on own operations while providing more time to reflect further on how to report sustainability information on public policy programs, an area that we note is far less mature than setting sustainability reporting disclosure requirements on own operations.

As far as own operations are concerned, we think that how to determine material information is fundamental to the approach which is the reason why we wish to mention this point in our response to SMC1, but we provide a few more details in our response to SMC2.

With respect to climate-related targets, from what we hear from our constituents, when it comes to disclosing the objective of the target, as required in paragraph 21 (b), there is a need to require reporting

on climate change mitigation target and on climate change adaptation target, and more broadly speaking on the different issues of the environmental public policies, including natural resource management.

We think that for public policy programs, while the structure around the four pillars on governance, strategy, outcomes and metrics and targets works well, further work is needed to design a specific approach that would help defining the public policy program or programs that should be assessed. On that point, we would suggest that the Board should turn to the GHG Protocol *Policy and Action Standard*. The *Policy and Action Standard* indeed provides guidance on how to define the policy and how to identify and estimate ex-ante or ex-post effects of the policy based on the concept of causal chain. For instance, guidance in paragraph AG2.12 would greatly benefit from drawing on the guidance in the GHG Protocol *Policy and Action Standard*. The concept of causal chain, different from that of value chain for reporting sustainability information on own operations, would also be worth expanding on.

Because we think that a climate-related public policy program cannot be fully assessed other than using a holistic approach, we would recommend that the IPSASB should further require reporting on the impact of all public policies, including those with a negative impact.

Lastly, articulating sustainability information in GPFR with other initiatives such as green budgeting or the macroeconomic effects of policy programs is key to understand interactions and how data feed the various reporting systems. We strongly believe that there is room for further communication on how the various systems interact in a separate standalone standard on public policy programs.

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?

While we agree that, for activities similar in the private and public sectors, reporting should be based on the same method of measuring greenhouse gas emissions, we note that the GHG Protocol also provides guidance specific to cities in *Global Protocol for Community-Scale Greenhouse Gas Inventories*. We would

therefore recommend that the Board should explore whether and when, depending on the size of the entity, disclosures for own operations would be best based on *A Corporate Accounting and Reporting Standard (2004)* or on *Global Protocol for Community-Scale Greenhouse Gas Inventories*.

In cases where a jurisdiction requires the use of a specific method, some form of reconciliation to more widely used methods should be provided for the sake of comparability.

With respect to own operations, we would like to bring to the IPSASB's attention a concern our constituents have on how to apply the definition of own operations. They would appreciate more guidance than that provided in paragraphs AG1.80 and beyond as to the scope 3 categories they should consider depending on the structure of the entity, its competencies and sustainability topics pertinent to the entity's activities.

Also, to echo our comment in SMC1 about the importance of the guidance on how to determine material information for sustainability reporting on own operations, we fully concur with paragraph BC93 that GRI standards' principles could be used as a relevant source of guidance. We are convinced that both "financial" and "impact" materiality are highly relevant to meet the need for accountability from a public interest perspective. In that context, we would suggest that references to guidance from GRI standards should be made more explicit in authoritative guidance than just a mention in BC93, because most constituents and preparers in the public sector may not be familiar with GRI, let alone with the objectives and purpose of GRI standards.

In the same vein, our constituents point out that authoritative guidance on how to determine material information is lacking, while we note that the Bases for Conclusions (BC92-BC102) provide a wealth of important guidance. We would therefore recommend that the paragraphs in the BCs that discuss the three-step approach to determining material information for disclosure should be brought forward to authoritative guidance. This would greatly help users implementing the future requirements that would hence gain more traction. More specifically, we fully support paragraph BC94, and strongly advise it should be included within authoritative guidance together with paragraph BC92 and paragraph BC93.

In the wake of the requirements in paragraph 20, and with a view to illustrate the need for both the financial and the impact viewpoints to get a comprehensive understanding of a public sector entity's own operations' impacts, we suggest that reporting on an entity's energy consumption and on its structure of energy sources should be made explicitly mandatory. This requirement is more specifically designed to provide an understanding of an entity's total energy consumption, energy efficiency improvement initiatives and their effectiveness, and the percentage of fossil and renewable energy sources in the entity's total energy structure.

With respect to the value chain and to provide further guidance, we suggest identifying the main sources of Scope 3 GHG emissions for public sector entities and, where appropriate, adapting the Scope 3 categories of the Global Protocol for Community-Scale Greenhouse Gas Inventories to public sector entities other than cities. This would help implementing sustainability reporting requirements for entities that are new to applying the requirements in the future standard.

In addition, we would like to raise the attention of the Board on the use of “own operations” as a term specific to the public sector. We actually understand from the GHG Protocol, that the term “own operations” refers to the entity’s activities and as such would not encompass scope 3 emissions, whereas the definition in SRS ED1 clearly intends to capture the whole value chain. This leads us to recommend to find another term to make sure that the same term is not used with different meanings, for instance “operational activities”.

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?

This Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.

We agree that, in the early stages of implementing sustainability reporting, focusing on public policy programs with a primary objective to achieve climate-related outcomes is a starting point. We are also conscious of the increasing pace at which methods and tools for sustainability reporting develop, and we would recommend that limiting to public policy programs with a primary objective to achieve climate-related outcomes should be more a transition expedient than a period-on-period requirement. We would also suggest requiring further information, be it “only” qualitative, on the impacts, and more specifically the negative impacts, of other non-climate-related public policies.

We indeed note that climate-related public policy programs may be connected to public policies that may have a negative effect on their climate-related outcomes or on other environmental spaces (e.g. biodiversity, pollution, ...). Because we think that relationships and interactions between policies are key to assess to gain a comprehensive understanding of the context, we would recommend that the Board should consider providing further authoritative guidance to define the public policy program or programs that should be reported on based on the GHG Protocol *Policy and Action Standard*. As mentioned in

SMC1, we consider that the ultimate objective of sustainability reporting should be to include both negative and positive impacts of all public policies in one global assessment.

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?

With respect to the definition of public policy programs, and while acknowledging guidance is provided in paragraphs AG2.7 and AG2.8, our constituents find it difficult to delineate in practice public policy programs from own operations. We would therefore recommend to provide a definition of an entity's responsibility for outcomes and to expand further application guidance on how to determine where an entity's has responsibilities for outcomes in addition to carrying out its own operations.

In addition, our constituents would appreciate if the definition of "primary users" could be moved forward to the definitions in paragraph 7 of the core text, rather than somehow buried in the definitions in Appendix B. This comment also raises the issue of the complex structure of SRS ED1 that contains too many information in too many various locations. To alleviate the burden for preparers, we would recommend that the Board should communicate on how to navigate within SRS ED1.

Lastly, the concept of "reasonably attributed to", for instance as in paragraph AG2.12, should be elaborated on further to help determining how to assess "reasonably", especially when referring to the "impacts on the economy, environment and/or people".

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 program meet the information needs of primary users? If not, what alternative approach would you propose and why?

Because primary users include taxpayers, we wish to emphasise the importance of disclosing information on the entity's strategy with respect to the impacts of the public policy programs where an entity is responsible for the public policy programs outcomes. In that sense, we commend the IPSASB for proposing to report on the financial implications of climate-related public policy programs, and more specifically on how these financial implications link to an entity's public budget reports as mentioned in paragraph AG2.30.

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?

As far as providing information that allows to assess public policy programs is concerned, we note that existing approaches could support the required disclosures, and usefully help implementing them. Such approaches would typically be based on assessing resources allocated to the policy program, the efficiency of the allocated resources and the outcomes achieved.

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?

The definition of materiality based on the IPSASB's Conceptual Framework is aligned with that in the IASB's Conceptual Framework and with IFRS S1 principles, and we do not see any reason to depart from the principles in IFRS S1. We also note that SRS ED1 allows for other sources of guidance to be used, as long as they comply with the general objective of the draft standard. We then understand that entities are allowed to disclose material information related to their own operations from an impact perspective, drawing, for instance, on ESRS guidance where relevant. However, the future standard should explicitly highlight disclosures that are to be provided from an impact perspective. We believe that this would enhance interoperability between standards.

However, while we agree on the principles, we note the complexity of the structure of SRS ED1. Combining in one same draft standard disclosure requirements for own operations and for public policy programs, that bear very distinct features, makes the draft standard difficult to navigate. If the final pronouncement is in the form of one standard for disclosure requirements on both own operations and public policy programs, we would suggest explaining clearly that, for an entity reporting on both own operations and public policy programs, the materiality assessment will be different for reporting on own operations from that for reporting on public policy programs. In addition, the draft standard contains a multitude of appendices that include conceptual foundations. Should the structure remain the same in the final pronouncement, we would strongly suggest that a guide to navigate the various guidance sections and appendices should be added.

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?

As far as disclosures on own operations are concerned, we believe that connectivity between financial and sustainability reporting is key to a global understanding of the entity's sustainable finance context,

therefore we agree on an entity having to report its climate-related disclosures at the same time as its related financial statements. That works well with disclosures on own operations; however, for public policy programs with medium to long term outcomes, entities responsible for public policy programs should be allowed to provide information using a different timeframe than that of their related financial statements. We would then advocate for more flexibility for public policy programs reporting.

However, we believe that connectivity will be more difficult when reporting on public policy programs. This is because data for public policy programs relate to a broader scope than that of the entity's financial statements. In addition, for public policy programs, information on financial resources used to achieve outcomes would be important, which is where the articulation with other reporting tools such as green budgeting is critical.

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?

We generally agree on transition requirements that provide a relief to adopters.

However, we believe that public policy programs should be granted a longer transition period than that for own operations, given the lack of agreed methodologies to measure outcomes.

Specific Matter for Comment 10: Other Comments

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

See general comments in the cover letter.