



Date: February 27, 2025

Mr. Ross Smith  
Program and Technical Director,  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
529 5th Avenue  
New York, New York 10017

RE: Comments on SRS ED 1, *Climate-Related Disclosures*

Dear Mr. Smith,

This refers to the IPSASB's consultation *SRS ED 1, Climate-Related Disclosures*. I am pleased to attach for the IPSASB's consideration the comments we received from our stakeholders on the exposure draft through our outreach.

Should you have any queries concerning the matters in this submission, please contact Mr. Abdullah Alhomaidda via email at:

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Yours sincerely,

Abdullah Al Mehthil

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## Comments on ED SRS1: Climate-Related Disclosures

### **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).*

**General Comment 1:** The ED lacks clarity regarding “information needs” and “primary users.” We request further elaboration on this fundamental issue, supported by evidence. The information needs of primary users will vary significantly depending on the context, making it impractical to standardize disclosure requirements. The ED’s reference to “service recipients” and “resource providers” as primary users of disclosure information is vague and lacks clear definition. These terms can vary significantly across different geographies and governance levels, making it difficult to establish a consistent and meaningful disclosure framework. Additionally, the needs for accountability and decision-making among these users are highly diverse, further complicating the applicability of a standardized approach. Furthermore, a comprehensive cost-benefit analysis is essential to accurately assess the value and feasibility of implementing such a standard. Without this analysis, the financial and administrative burdens on public sector entities cannot be properly evaluated, potentially leading to inefficiencies and unintended consequences.

Additionally, it is not immediately clear how the disclosed information will be used by end-users and for what particular purpose. This makes the cost-benefit analysis impossible as the intended benefit of the disclosures cannot be weighed against the cost of reporting such information across all public entities. Additional costs and burdens will materialize should entities comply with the reporting requirements since they diverge and divert away from the established reporting requirements as outlined in the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement. It is important to note that many developing countries have built tailored governance structures to satisfy reporting under these bodies and still require international support in the form of concessional funding to comply with these requirements. It is not clear whether establishing another standard without having a clear purpose defined or benefit outlined is worthwhile in this context. If it is decided that it is indeed worthwhile, it is not clear that many countries will be able to take up these disclosure standards. This presents the questions of whether it is worth developing a standard if there will be limited uptake.

**General Comment 2:** We disagree with combining two distinct purposes in the same ED for the following reasons:

- a) The nature of the required information differs between the two purposes.
- b) The primary users of the disclosures are fundamentally different.
- c) The way in which the disclosed information will be utilized by end users varies significantly.

As a result, these purposes are misaligned and should be addressed separately.

**General Comment 3:** The ED fails to differentiate between developed and developing countries, disregarding the Common but Differentiated Responsibilities (CBDR) principle— a fundamental pillar of the UNFCCC and its Paris Agreement. Its implementation would impose a significant financial burden on public bodies in developing countries and create substantial capacity-building challenges.

**General Comment 4:** The immaturity of sustainability practices in the public sector presents a significant barrier to achieving the objectives outlined in the ED. The vast majority of public sector entities have not yet established even basic sustainability management practices, such as:

- Sustainability governance frameworks
- Materiality assessments
- GHG emissions management

Imposing comprehensive climate disclosure requirements, including climate risk and opportunity assessments and the application of scenario analysis, is overly ambitious and impractical for most public sector bodies.

Such a requirement would:

- Impose considerable costs
- Strain limited public resources
- Lead to the disclosure of generic, unverifiable, and incomparable information that may fail to meet the needs of information users.

Additionally, the disclosure standard fails to set out how climate risk and opportunities could potentially impact individual public entities. Without clearly outlining a case for the relevance of reporting such information, uptake will likely be limited. For example, the S1 and S2 disclosure standards issued by the International Sustainability Standards Board (ISSB) clearly outlines the theory of impact whereby a company's valuation may be impacted by transition and physical risks and presents a case that such information will be valuable to investors as they make medium to long-term investment decisions. The same has not been done for this standard.

**Comment on Purpose (i): Climate-Related Risks and Opportunities Affecting a Public Body's Own Operations**

Assuming that the primary users of such information in the public sector are capital providers, public bodies already disclose relevant information on a case-by-case basis. Additionally, they utilize well-defined financial instruments, such as green bonds (sukuk), which effectively meet the needs of these users. Additionally, different government systems will have their unique funding mechanisms, where in most cases a Ministry of Finance or Treasury will allocate the budget for individual government entities. Therefore, fiscal sustainability is not disaggregated necessarily at the entity level as this disclosure standard suggests, but rather is connected to and is derived from a centralized system in many cases.

Imposing the disclosure requirements outlined in this ED would create an unnecessary burden and additional costs for public sector entities. Moreover, it may confuse primary users by introducing reporting obligations that do not align with existing market practices and disclosure frameworks.

Finally, the information needs of primary users will vary significantly depending on the context, making it impractical to standardize disclosure requirements.

**Comment on Purpose (ii): Climate-Related Public Policy Programs and Their Outcomes**

a) The information required for such disclosures is already covered (or will be covered) under the existing international climate governance framework, including the UNFCCC, Paris Agreement, and Kyoto Protocol. Specifically, the Enhanced Transparency Framework (ETF) under the Paris Agreement provides a comprehensive and standardized platform for UNFCCC Parties to disclose climate-related information at the national level. The proposed ED would duplicate existing reporting requirements, adding unnecessary burden and costs to public sector entities while potentially confusing primary users. This duplication, rather than being consistent in the type and granularity of the information requested, diverges, creating more burdens on governments and therefore likely limiting uptake and negatively impacting the cost-benefit assessment.

b) Furthermore, the IFRS 2 / TCFD structure, originally designed for the private sector as a risk management framework, is fundamentally misaligned with the nature of public policy programs and their outcomes. Applying this approach to Purpose (ii) within the ED is not suitable for capturing the complexities of public sector climate policy.

c) The ED narrowly targets programs that explicitly aim at climate objectives, thereby excluding policy programs where climate benefits are secondary or additional objectives. This approach leads to incomplete and potentially misleading disclosures, as it fails to provide a holistic view of the broader climate impact of public policies. Additionally, governments centralize the communication of their climate objectives within the UNFCCC and its Paris Agreement in the form of Nationally Determined Contributions. It is unclear whether a disaggregated approach is beneficial as it may lead to fragmentation and be inconsistent with the governance systems and structures designed by over 190 governments to comply with the obligations under the Paris Agreement.

*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?*

Due to the points outlined above, we strongly disagree that the proposed approach meets the information needs of primary users. Instead, it duplicates existing disclosure requirements and requests information formats inconsistent with existing reporting, imposes unnecessary burdens and costs on the public sector, and risks confusing primary users.

As an alternative approach, we propose that the ED should not be imposed on the public sector, recognizing that existing international frameworks (e.g., UNFCCC, Paris Agreement, and Kyoto Protocol) already provide adequate mechanisms for climate-related disclosures at the national level.

Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance - Own Operations)	COMMENT
<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>In addition to General Comment 1 (as outlined in Subject Matter for Comment 1), any requirement for public sector bodies to disclose climate-related information related to their own operations should be addressed on a case-by-case basis. This is due to variations in national circumstances, capabilities, governance structures, and contextual differences across jurisdictions.</p> <p>For example, overall oversight of climate risks and opportunities within a country may reside with a central government authority (e.g., Cabinet of Ministers or Royal Court) rather than a specific public sector entity. Applying uniform disclosure requirements fails to account for these structural differences.</p> <p>Furthermore, the IFRS 2 / TCFD framework, originally designed for the private sector, presents significant operational challenges that remain unresolved, even with private sector experience. These challenges include:</p> <ul style="list-style-type: none"> <li>a) Scenario application complexities and uncertainties, and</li> <li>b) Scope 3 emissions reporting, which is hindered by data availability, inconsistencies, variations, and the risk of double counting. Additionally, scope 3 reporting is fully inconsistent with the established norms in international law as outlined in the UNFCCC and its Paris Agreement whereby governments are only responsible for their territorial emissions.</li> </ul> <p>Finally, the information needs of primary users will differ significantly based on the context, making it impractical to enforce standardized disclosure requirements for the public sector.</p>
<p>Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?</p>	<p>We disagree with the proposed approach and guidance. As an alternative, we propose a flexible approach that allows all relevant parties to request and disclose information on a case-by-case basis on the basis of existing reporting systems under the UNFCCC and Paris Agreement (National Communications, Nationally Determined Contributions and Biennial Transparency Reports), considering national circumstances, governance structures, and specific needs. This would ensure practicality, relevance, and efficiency in climate-</p>

	related disclosures without imposing unnecessary burdens.
<b>Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4-AG2.6)</b>	<b>COMMENT</b>
This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes.	<p><b>SAME AS Comment on Purpose (ii) in SMC 1</b></p> <p>a) The information required for such disclosures is already covered (or will be covered) under the existing international climate governance framework, including the UNFCCC, Paris Agreement, and Kyoto Protocol. Specifically, the Enhanced Transparency Framework (ETF) under the Paris Agreement provides a comprehensive and standardized platform for UNFCCC Parties to disclose climate-related information at the national level. The proposed ED would duplicate existing reporting requirements, adding unnecessary burden and costs to public sector entities while potentially confusing primary users. This duplication, rather than being consistent in the type and granularity of the information requested, diverges, creating more burdens on governments and therefore likely limiting uptake and negatively impacting the cost-benefit assessment.</p> <p>b) Furthermore, the IFRS 2 / TCFD structure, originally designed for the private sector as a risk management framework, is fundamentally misaligned with the nature of public policy programs and their outcomes. Applying this approach to Purpose (ii) within the ED is not suitable for capturing the complexities of public sector climate policy.</p> <p>c) The ED narrowly targets programs that explicitly aim at climate objectives, thereby excluding policy programs where climate benefits are secondary or additional objectives. This approach leads to incomplete and potentially misleading disclosures, as it fails to provide a holistic view of the broader climate impact of public policies. Additionally, governments centralize the communication of their climate objectives within the UNFCCC and its Paris Agreement in the form of Nationally Determined Contributions. It is unclear whether a disaggregated approach is beneficial as it may lead to fragmentation and be inconsistent with the governance systems and structures designed by over 190</p>

	governments to comply with the obligations under the Paris Agreement.
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>Due to the points outlined above, we strongly oppose the inclusion of the proposed approach in the ED. It duplicates existing disclosure requirements, places unnecessary burdens and costs on the public sector, and risks confusing primary users. Additionally, the need for public policy program disclosures by primary users is not well established and understood (see General Comment 1).</p> <p>As an alternative approach, we propose that the ED should not be applied to the public sector, recognizing that existing international frameworks (e.g., UNFCCC, Paris Agreement, and Kyoto Protocol) already provide adequate mechanisms for climate-related disclosures at the national level. This will avoid issues outlined above and provide necessary information to the primary users.</p>
<b>Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)</b>	<b>COMMENT</b>
This Exposure Draft provides public sector-specific definitions and related guidance for 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?	<p>We disagree with the proposed public sector-specific definitions and guidance due to a fundamental misalignment with the definitions of the ED's purposes. Additionally, the approach raises critical concerns, as outlined in our Comments to SMC 1. As an alternative approach, we propose that definitions in this ED should not be applied to the public sector, recognizing that existing international frameworks (e.g., UNFCCC, Paris Agreement, and Kyoto Protocol) already provide adequate</p>

	definitions. This will avoid issues outlined above and provide necessary information to the primary users.
<b>Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24-AG2.31)</b>	<b>COMMENT</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><b>SAME AS Comment on Purpose (ii) in SMC 1</b></p> <p>a) The information required for such disclosures is already covered (or will be covered) under the existing international climate governance framework, including the UNFCCC, Paris Agreement, and Kyoto Protocol. Specifically, the Enhanced Transparency Framework (ETF) under the Paris Agreement provides a comprehensive and standardized platform for UNFCCC Parties to disclose climate-related information at the national level. The proposed ED would duplicate existing reporting requirements, adding unnecessary burden and costs to public sector entities while potentially confusing primary users. This duplication, rather than being consistent in the type and granularity of the information requested, diverges, creating more burdens on governments and therefore likely limiting uptake and negatively impacting the cost-benefit assessment.</p> <p>b) Furthermore, the IFRS 2 / TCFD structure, originally designed for the private sector as a risk management framework, is fundamentally misaligned with the nature of public policy programs and their outcomes. Applying this approach to Purpose (ii) within the ED is not suitable for capturing the complexities of public sector climate policy.</p> <p>c) The ED narrowly targets programs that explicitly aim at climate objectives, thereby excluding policy programs where climate benefits are secondary or additional objectives. This approach leads to incomplete and potentially misleading disclosures, as it fails to provide a holistic view of the broader climate impact of public policies. Additionally, governments centralize the communication of their climate objectives within the UNFCCC and its Paris Agreement in the form of Nationally Determined Contributions. It is unclear whether a disaggregated approach is beneficial as it may lead to fragmentation and be inconsistent with the governance systems and structures designed by over 190</p>

	governments to comply with the obligations under the Paris Agreement.
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?	We disagree with the proposed disclosure of strategy for climate-related public policy programs meet the information needs of primary users. Need for such disclosures by primary users is not well established and understood (see General Comment 1). As an alternative approach, we propose that the ED should not be applied to the public sector, recognizing that existing international frameworks (e.g., UNFCCC, Paris Agreement, and Kyoto Protocol) already provide adequate mechanisms for climate-related disclosures at the national level. This will avoid issues outlined above and provide necessary information to the primary users.
Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26-27 and AG2.34-AG2.44)	COMMENT

<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><b>SAME AS Comment on Purpose (ii) in SMC 1</b></p> <p>a) The information required for such disclosures is already covered (or will be covered) under the existing international climate governance framework, including the UNFCCC, Paris Agreement, and Kyoto Protocol. Specifically, the Enhanced Transparency Framework (ETF) under the Paris Agreement provides a comprehensive and standardized platform for UNFCCC Parties to disclose climate-related information at the national level. The proposed ED would duplicate existing reporting requirements, adding unnecessary burden and costs to public sector entities while potentially confusing primary users. This duplication, rather than being consistent in the type and granularity of the information requested, diverges, creating more burdens on governments and therefore likely limiting uptake and negatively impacting the cost-benefit assessment.</p> <p>b) Furthermore, the IFRS 2 / TCFD structure, originally designed for the private sector as a risk management framework, is fundamentally misaligned with the nature of public policy programs and their outcomes. Applying this approach to Purpose (ii) within the ED is not suitable for capturing the complexities of public sector climate policy.</p> <p>c) The ED narrowly targets programs that explicitly aim at climate objectives, thereby excluding policy programs where climate benefits are secondary or additional objectives. This approach leads to incomplete and potentially misleading disclosures, as it fails to provide a holistic view of the broader climate impact of public policies. Additionally, governments centralize the communication of their climate objectives within the UNFCCC and its Paris Agreement in the form of Nationally Determined Contributions. It is unclear whether a disaggregated approach is beneficial as it may lead to fragmentation and be inconsistent with the governance systems and structures designed by over 190 governments to comply with the obligations under the Paris Agreement.</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 disagree with the proposed disclosure meet the information needs of primary users. Need for such disclosures by primary users is not well established and understood (see General Comment 1). As an alternative approach, we propose that the ED should not be applied to the public sector, recognizing that existing international frameworks (e.g., UNFCCC, Paris Agreement, and Kyoto</p>

	Protocol) already provide adequate mechanisms for climate-related disclosures at the national level. This will avoid issues outlined above and provide necessary information to the primary users.
<b>Specific Matter for Comment 7: Conceptual foundations (paragraphs B2-B15)</b>	<b>COMMENT</b>
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>The conceptual foundations, including the materiality concept, are not universally practicable for all public sector bodies across different geographies. This is due to variations in governance structures, socio-economic development, national circumstances, capabilities, data availability, and data quality.</p> <p>As outlined above, the information needs of primary users of public sector general-purpose financial reports may significantly differ from those of primary users of public sector climate disclosures. Applying a one-size-fits-all approach fails to account for these differences, making the proposed framework impractical and potentially ineffective.</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>We disagree with the notion that the proposed materiality definition meets the information needs of primary users of climate disclosures for the reasons outlined above.</p> <p>As an alternative approach, we propose that the ED should not be applied to the public sector. Instead, information requests should be addressed on a case-by-case basis, ensuring that disclosures remain verifiable, comparable, and understandable while considering national circumstances, governance structures, and data availability.</p>
<b>Specific Matter for Comment 8: General requirements (paragraphs B16-B46)</b>	<b>COMMENT</b>
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>The proposed general requirements—including identifying applicable disclosure requirements, establishing comparative information, addressing measurement uncertainty, and determining disclosure location—are not appropriate given that these matters are already defined and addressed within the UNFCCC and its Paris Agreement under the Enhanced Transparency Frameworks and its Modalities, Procedures and Guidelines. (as outlined in General Comment 4 above).</p> <p>Public sector entities lack the foundational frameworks necessary to implement these requirements effectively. Attempting to enforce them at this stage would lead to significant challenges in data collection, verification, and</p>

	<p>comparability, ultimately undermining the quality and usefulness of the disclosed information.</p> <p>Furthermore, requesting information in different formats and utilizing different modalities, procedures and guidelines than what already exists within the Enhanced Transparency Framework will create unnecessary misalignment, duplication, confusion, added costs and capacity burdens on developing countries in particular.</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>We disagree with the notion that the proposed requirements are appropriate for public sector. As an alternative approach, we propose that the ED should not be applied to the public sector. Instead, information requests should be addressed on a case-by-case basis, ensuring that disclosures remain verifiable, comparable, and understandable while considering national circumstances, governance structures, and data availability.</p>
<b>Specific Matter for Comment G: Transition (paragraphs 30-33)</b>	<b>COMMENT</b>
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.	pls see SMC 8
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?	pls see SMC 8
<b>Specific Matter for Comment 10: Other Comments</b>	<b>COMMENT</b>
	Please refer to General Comments 1-4.
Do you have any other comments on the proposed Exposure Draft?	A more pragmatic approach is needed that is fully consistent and aligned with the Enhanced Transparency Framework of the Paris Agreement allowing exchange of information as needed and on a case-by-case basis depending on availability.

Paragraph #	Page #	Paragraph	Comment
2	7	<p>This [draft] Standard requires an entity to disclose material information about:</p> <p>(a) The climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity, including the long-term sustainability of the services and/or programs it delivers (for the purposes of this [draft] Standard, these are collectively referred to as “climate-related risks and opportunities to an entity’s own operations”); and</p> <p>(b) Where an entity has responsibility for outcomes of a climate-related public policy program, the outcomes that could reasonably be attributed to it.</p>	<p>a) How is the impact on long-term fiscal sustainability assessed, and who is responsible for making this determination?</p> <p>b) Vague and lacks clarity regarding materiality</p>
3.C	7	<p>Where an entity has responsibility for the outcomes of a climate-related public policy program, the outcomes of that climate-related public policy program (see paragraphs AG2.1-AG2.19). AG2.2. This Appendix A2: Application Guidance - Climate-related Public Policy Programs provides requirements and guidance for public sector entities that are responsible for outcomes of climate-related public policy programs.</p>	<p>Governments already report greenhouse gas (GHG) emissions in biennial reports under the UNFCCC, which encompasses emissions reductions from both public and private sectors within territorial boundaries. Introducing an additional reporting requirement at the entity level would only impose further burdens on the reporting process.</p>
4	7C8	<p>4. As illustrated by the flow chart (see paragraph 3), disclosure requirements relating to climate-related risks and opportunities to an entity’s own operations are expected to be applicable for all entities. Disclosures about climate-related public policy programs and their outcomes will only be applicable for those entities that are responsible for the outcomes of such programs.</p>	<p>Clarification is needed on whether this means the risks faced by entities will apply to all entities, or if the assumption is that climate impacts affect all entities in the same manner, which is not accurate, as different entities face varying risks.</p>
5	8	<p>Climate-related risks and opportunities that could not reasonably be expected to affect the</p>	<p>Who determines whether an issue is expected to impact long-term fiscal sustainability: the reporter, the</p>

		long-term fiscal sustainability of an entity, and where applicable, outcomes that could not reasonably be attributed to a climate-related public policy program, are outside the scope of this [draft] Standard.	standards, or the users of the reports? the concept of "long-term fiscal sustainability" requires more clarification.
8	11	The objective of climate-related disclosures on governance is to enable primary users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee:	How is this information intended to benefit the primary users, how is it expected to be utilized by them, and who are the primary users?
10.a/b	12	The objective of climate-related disclosures on strategy is to enable primary users of general purpose financial reports to understand an entity's strategy for managing: (a) Climate-related risks and opportunities to its own operations; and (b) Climate-related public policy programs and their outcomes.	Again, who are the primary users? Public policy programs should already be in place, so the reason for disclosing them here is unclear. Also, the purpose or objective of the disclosure has not been clarified.
11.c	12	The effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan (see paragraphs AG1.25-AG1.29);	This information is included in the Paris Agreement under nationally determined contributions. It is unclear why it must be reported in a format different from the Paris Agreement.
12	12	Where applicable, an entity shall also disclose information about its strategy for climate-related public policy programs, including: (a) The entity's strategy and decision-making in relation to climate-related public policy programs and their outcomes (see paragraphs AG2.24-AG2.25); (b) The anticipated challenges to achieving the intended outcomes of climate-related public policy programs (see paragraphs AG2.26-AG2.28); and (c) The current and anticipated financial implications of climate-related public policy programs to the	This information is already included in reports. The level of detail required would have significant costs to compile in a format different from what currently exists.

		entity itself (see paragraphs AG2.29-AG2.31).	
16	13	The objective of climate-related disclosures on metrics and targets is to enable primary users of general purpose financial reports to understand an entity's performance, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation, in relation to:	Plans are already reported through the BTR (Biennial Transparency Reports) and the NDC (Nationally Determined Contributions).
17.a.i	14	Disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO <sub>2</sub> equivalent (see paragraphs AG1.65-AG1.70), classified as: a. Scope 1 greenhouse gas emissions; b. Scope 2 greenhouse gas emissions; and c. Scope 3 greenhouse gas emissions;	We do not find Scope 3 reporting for governments to be wholly inappropriate, as the international practice established within the UNFCCC outlines that emissions outside state boundaries are not their responsibility. This contradicts the principles of the UNFCCC, under which countries are only accountable for emissions within their territorial boundaries.
17.e.i	14	An explanation of whether and how the entity is applying a carbon price in decision-making	This is contrary to the Paris Agreement (Articles 2 and 3)
17.a.iii	14	Disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs AG1.76-AG1.77) including: a. The methodology, measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions; b. The reason why the entity has chosen the methodology, measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and c. Any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	Parties to the Paris Agreement already report GHG emissions in accordance with the modalities and guidelines set in the Enhanced Transparency Framework under the Agreement. These reports are currently being submitted to the United Nations Secretariat.

## **Response to IPSAS SRS ED 1 Climate-related Disclosures**

## 1. Specific matters for comment

**SMC 1 Public sector operations and regulatory role (paragraphs 1-4).** This ED 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.

- There are a number of specific concerns about the guidance in respect of public policy programs, which might require a phased approach. Such a phased approach when issuing new standards would not be new to IPSASB.

**SMC 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?

- It should be noted that there are some industry specific metrics, which have little or no applicability for the public sector as a whole or specifically for government entities. (See also other matters section).

**SMC 3 Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6).** This ED 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.

- As this is a new area, we encourage the IPSASB to address climate-related public policy programs separately, ensuring that common user information needs in respect of such programs are adequately researched, identified and confirmed.
- Public policy programs may be an area of interest, although interest is often more budget driven. Therefore, it might be important to connect this information with budget information, which is governed by IPSAS 24 Presentation of Budget Information in Financial

Statements and RPG 3 Reporting of Service Performance Information. A brief review of these two IPSAS pronouncements shows that they are rather well aligned, but making an explicit reference in the IPSAS SRS ED1 might help users of the standard to make the connection.

**SMC 4 Public Sector-Specific Definitions (paragraph 7). This ED 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?**

- As suggested earlier, any disclosure requirements for public policy programs should be addressed separately from the disclosures for own operations.

**SMC 5 Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31). This ED 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?**

- There is no public sector specific experience in respect of climate-related public policy programs, so far. Therefore, it is difficult to make a final judgement as to whether the disclosure requirement meet the information needs of primary users.

**SMC 6 Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44). This ED 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 disclosures required reflect the overall structure of the proposed standard, which includes disclosures about metrics and targets. However, the metrics and targets for public policy programs could potentially create delimitation problems with metrics and targets for own operation since the public sector entity’s own operations may also be affected by public policy programs. On the other hand, most of the effects of public policy programs are likely to take place in other institutional entities (including households, private sector corporations). Therefore, the presentation of metrics for both own operations and public policy programs in the same report is adding complexity for the users of the report. It could even cause confusion, for instance if the targets have been achieved on one side but not on the other side.
- Therefore, we are of the view that presentation of own operations and public policy programs disclosures should be easily distinguishable. It would be useful to demonstrate how this distinction or delimitation can best be achieved. Possibly, this requires only adding an

example, however, if more work is required this could also be an argument in favor of emitting the requirements in a phased approach.

**SMC 7 Conceptual foundations (paragraphs B2–B15)** This ED 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?

- We are of the view that the term materiality, as it is used in the discussion about sustainability reporting, is not totally equal to the traditional usage of the term. The discussion in the field of sustainability reporting should rather distinguish between outcomes and impact, since this is the real difference between the different approaches.

**SMC 8 General requirements (paragraphs B16–B46)** This ED 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?

- Reporting capabilities and regulations vary across entities and jurisdictions. The requirement could overburden entities with limited reporting capabilities by having them prepare and finalize both the financial statements and the climate-related disclosures simultaneously possibly causing delays or could conflict with jurisdictional regulations requiring certain timing for either report or for each report to be produced separately. Therefore, it is advisable to provide options as is the case with the RPGs. If the structure of each report is standardized, Cross-references to facilitate connectivity could still be possible without having to produce the two reports together.

**SMC 9 Transition (paragraphs 30–33)** This ED 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?

- The transitional relief during the first year of adoption is a typical feature of IPSASB pronouncements, therefore it seems consistent to apply the same relief in this case.
- Perhaps more critical is, however, the effective date which is not yet specified in the ED (paragraph 28 uses YYYY as a placeholder for the year). Since the necessary data to present the information required by the draft standard is not generally available, entities will require an extended transition period. As the experience in some advanced countries, shows, data availability and data quality are major issues for the implementation of sustainability reports, let alone developing and developed countries. We therefore

recommend that reporting entities should be allowed reasonable time to prepare for the implementation of the final standard. This should in turn promote on-time rather than belated adoption.

#### **SMC10 Other Comments. Do you have any other comments on the proposed ED?**

##### Consolidation of the information

- IPSAS SRS ED1 is following the concept of reporting entity, same as other IPSASB pronouncements. IPSAS clearly addresses consolidated financial statements for an economic entity, which in most cases is a group of legal entities. Therefore, we assume that the IPSAS SRS ED1 addresses the economic entity, rather than only the legal entity, but it remains largely silent about this (there is one small reference to consolidation in AG 1.76). We would welcome if the final standard could address the topic of consolidation more directly.
- In respect of own operations, the consolidation procedures are likely to be very similar or the same as for the private sector under IFRS S1 and S2. We believe that a small clarification of the reporting entity would be sufficient.
- However, in respect of public policy programs, the consolidation is probably a bigger issue, since such programs are typically implemented through consolidated entities (e.g., through line ministries). However, by their nature, only some effects take place in consolidated entities, while most effects take place in other institutional entities. Therefore, an elimination method needs to be adapted. These adaptations should be specified in the IPSAS SRS suite of standards. The development of this methodology might need some more time, which would speak in favor of a phased approach for issuing the final requirements, with the part on own operations to be issued first and the part about public policy programs only at a later stage.

##### Objective, scope, and definitions of the IPSAS SRS ED1

- In our view, the objective of the IPSAS SRS ED1 outlined in paragraph 2(a) could result in a loss of focus on disclosing material information about climate-related risks and opportunities that have affected the current period or are expected to affect the short- and medium-term. We understand, based on paragraphs BC31–BC34, the rationale behind IPSASB's decision to adopt the concept of "Long-term Sustainability of an Entity's Finances." However, the definition provided in paragraph 7, which describes "Long-term Sustainability of an Entity's Finances" as the ability of an entity to meet service delivery and financial commitments both now and in the future, may not fully capture the collective concept of the long-term. This could potentially create a semantic mismatch with authorities and practitioners in other fields.
- Therefore, we suggest the wording of the objective and scope of the IPSAS SRS ED1 to be reconsidered to ensure it clearly emphasizes the disclosure of material climate-related risks and opportunities that impact both the current period (materialized risks and opportunities during the reporting period – historical information) and the short-, medium-, and long-term (potential risks and opportunities – prospective information). Additionally, we recommend reconsidering the use of the term "Long-term Sustainability of an Entity's Finances" to avoid potential semantic confusion with authorities and practitioners in other fields.

#### Explicit and specific guidance for identification climate-related risks and opportunities

- In contrast to paragraph 12 of IFRS S2, the IPSAS SRS ED1 does not explicitly provide specific guidance to identify the climate-related risks and opportunities that could reasonably be expected to affect the entity's own operations, as required for disclosures under paragraph 11(a) of the IPSAS SRS ED1. Although paragraph AG1.40. of the IPSAS SRS ED1 states that public sector entities may refer to and consider the applicability of peer metrics associated with related disclosure issues, no explicit and specific guidance is provided.
- Consequently, we suggest considering explicitly, in paragraph AG1.40 of the IPSAS SRS ED1, the applicability of the industry-based disclosure topics outlined in the Industry-Based Guidance on Implementing IFRS S2 or other relevant standard that public sector entities may refer to or consider, similar to paragraph 20 of the IPSAS SRS ED1.

#### Terminological consistency when replacing the word “prospects” from IFRS S2

- We understand that the IPSASB decided to replace the term “prospects” with “long-term fiscal sustainability”. However, paragraph AG1.21(a) of the IPSAS SRS ED1 still references “prospects”.

#### Terminological consistency when replacing the word “business model” from IFRS S2

- In our understanding, the IPSASB decided to replace the term “business model” with “operational model”. However, paragraph AG1.39(a) of the IPSAS SRS ED1 refers to “operational model programs”. In our view, this appears to be a typographical error. Therefore, we recommend deleting the word “programs”.

#### Logical consistency when providing examples of current and anticipated effects of climate-related risks and opportunities

- Paragraph AG1.24 of the IPSAS SRS ED1 provides examples of climate-related physical risks, transition risks, and opportunities that could carry financial implications for an entity to of current and anticipated effects of climate-related risks and opportunities. However, paragraph AG1.24(a) of the IPSAS SRS ED1 states that financial implications of climate-related opportunities may include increased efficiency in resource use, adoption of clean energy sources, or development of climate adaptation solutions. Yet, the example provided focuses on increased costs. We recommend aligning the example with the financial implications mentioned before or providing additional examples to clarify that anticipated effects of climate-related risks and opportunities are not solely focused on negative financial effects for the entity.

#### Reference consistency for reassessing Climate-related Risks and Opportunities

- Paragraph AG1.83 of the IPSAS SRS ED1 refers to paragraph B.AG26 regarding the occurrence of a significant event or change in circumstances that requires an entity to reassess the scope of all affected climate-related risks and opportunities throughout its value chain. However, the paragraph that addresses the occurrence of a significant event

or a significant change in circumstances is B.AG27, not B.AG26. In our view, this appears to be a typographical error. Consequently, we suggest correcting the reference.

Ambiguity in the obligation to reassess climate-related risks and opportunities, and, where applicable, climate-related public policy program outcomes

- Paragraph B.AG26 of the IPSAS SRS ED1 states that an entity may, but is not required to, reassess the scope of all affected climate-related risks and opportunities, and where applicable, climate-related public policy program outcomes, throughout its value chain on an ongoing basis. However, the first part of the paragraph sets out that new activities, new relationships, and major changes in operations or the operating context could lead to changes in the entity's climate-related risks and opportunities and, where applicable, climate-related public policy program outcomes. Additionally, paragraph B.AG27 stipulates that an entity shall reassess the scope of all affected climate-related risks and opportunities, and where applicable, climate-related public policy program outcomes, at a minimum, when a significant event or change in circumstances occurs.
- In our view, the sequence and structure of paragraphs B.AG26 and B.AG27 introduce ambiguity. While B.AG26 offers flexibility, it appears disconnected from the initial part of the paragraph. Conversely, B.AG27 imposes a mandatory obligation under specific conditions. We recommend reorganizing the wording to enhance clarity and eliminate ambiguity or confusion regarding when reassessment is required.

Inappropriate use of the word "value chain" in relation to Scope 1 emissions.

- Paragraph AG1.69 of the IPSAS SRS ED1 states that an entity with responsibility for the outcomes of a climate-related public policy program should consider the greenhouse gas emissions in its value chain that may be related to its climate-related public policy activities in the measurement of Scope 1, 2, and 3 greenhouse gas emissions in its own operations. However, Scope 1 emissions refer specifically to direct emissions from owned or controlled sources by the entity itself, which do not typically extend to emissions from the value chain.
- In our view, the use of the term "value chain" in the context of Scope 1 emissions is inappropriate. Scope 1 emissions are limited to direct emissions from an entity's own operations, and including the value chain in this context creates confusion. We recommend revising the wording to ensure that the term "value chain" is not applied to Scope 1 emissions and to clarify the distinction between direct emissions and those from the value chain.

Reconsidering Appendix B as an Independent Standard

- In our view, Appendix B: General Requirements for Disclosure of Climate-Related Information should be presented as a stand-alone standard and not as an appendix. The content covered in Appendix B is fundamental to the overall framework and justifies a stand-alone status, rather than being an auxiliary section of the IPSAS SRS ED1.

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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.*

#### Comments:

We are in favor of the Alternative View that advocates for distinct standards that differentiate climate policy outcomes from a public sector entity's own emissions data. This approach could lead to clearer and more practical climate reporting. It is essential for the International Public Sector Accounting Standards Board (IPSAB) to carefully evaluate the suggested approach, as the proposed approach of the standard could dilute focus and lead to implementation challenges, ultimately hindering the ability to produce clear and meaningful reports. The potential challenges emanating from scope are discussed below:

- a) Implementation Challenges:** The ED's introduction of climate-related public policy program disclosures is a complex and ambitious requirement, particularly for public sector entities with limited resources, expertise, and data availability. Given that climate-related reporting is at early stages and still evolving globally, the integration of operational and policy program disclosures in the ED adds significant complexity and burden. This could impact the clarity and understandability of the requirements, potentially reducing adoption and hindering the effective implementation of the Standard.
- b) Dilution of Focus:** Including policy program disclosures alongside operational disclosures risks diverting attention from the public sector entity's own climate-related risks and opportunities, which are more directly within their control and accountability.
- c) Ambiguity in Definitions:** ED defines 'Public policy programs' and '*Public policy program outcomes*' (in paragraph 7) as follows:

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*“Public policy programs are any type or set of interventions taken or mandated by a public sector entity exercising its sovereign powers to influence the decisions or behaviors of other entities or individuals.”*

*“Public policy program outcomes are the impacts on the economy, environment and/or people, which occur as a result of, or are reasonably attributable to, the public policy programs.”*

The use of terms like "interventions," "sovereign powers," "impacts," and "reasonably attributable" are overly broad and lack clarity, and may lead to confusion and inconsistent application. For example, "sovereign powers" is contentious in federal or shared governance systems, and "impacts" is too vague, encompassing both direct and indirect effects.

- d) **Attribution Challenges:** Public policy outcomes are influenced by multiple factors (e.g., economic conditions, private sector actions, other government policies), making it difficult to attribute outcomes to specific programs. For example, when a government introduces a policy to cut carbon emissions by supporting renewable energy, the actual results, like lower emissions, can be affected by various factors, such as new technologies developed by businesses, shifts in global energy prices, or additional government programs that encourage energy efficiency. Owing to this, it would be difficult for a public sector entity to determine how much of the reduction in emissions is directly due to the renewable energy subsidies alone. Further, Public policy programs often involve multiple entities, complicating governance and accountability as noted in paragraph AG1.15 of the ED.
- e) **Cost and Resource Constraints:** Many public sector entities face significant cost and resource limitations, making it difficult to meet the ED's requirements for both operational and policy program disclosures. Therefore, an approach of starting with operational disclosures, would allow entities to build capacity before addressing more complex policy program disclosures.

Entity's public policy program's climate-related disclosures, therefore, should be addressed in a separate standard or guidance, allowing entities to focus on operational disclosures aligned with International Sustainability Standard Board's (ISSB) IFRS S2. By adopting the Alternative View, the ED can better align with the needs and capabilities of public sector entities, ensuring more effective and consistent climate-related disclosures in the long term.

#### **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-

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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?

#### Comments:

We note that requiring public sector entities to disclose Scope 3 greenhouse gas emissions could create significant data collection challenges. To address this, we suggest that IPSASB adopt a more tailored approach, balancing the need for comprehensive climate-related disclosures with the practical realities of public sector operations. This could include allowing a transition relief over an extended period (3 years at least). It would enhance the practical application of the standard.

The proposed disclosures about climate-related risks and opportunities extend beyond the public sector entity, requiring coverage of the entity's value chain (The ED requires entities to consider their entire value chain (both upstream and downstream) and all 15 categories of Scope 3 greenhouse gas emissions as per the GHG Standard). This requirement is expected to pose significant challenges, particularly in defining the boundary of the entity's value chain. Further, value chain may also involve entities across various jurisdictions. We foresee a challenge for obtaining data about the value chain. In view of the significant challenges, it is suggested that IPSASB provide comprehensive guidance on how far an entity needs to go in assessing its value chain for these disclosures. This would help ensure consistency and practicality in implementation while maintaining the relevance of the disclosures.

#### 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?

*The Exposure Draft includes an [Alternative View](#) on the approach to climate-related public policy programs*

#### Comments:

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We have outlined our comments and concerns regarding the scoping of public policy programs in our response to Question (1) above. Based on these concerns, we do not agree with the inclusion of disclosures about a public sector entity's outcomes of public policy programs in the proposed standard. We believe this approach would create unnecessary complexity and challenges, particularly given the broad and subjective nature of the definitions and the difficulties in attributing outcomes to specific programs.

#### **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?

#### **Comments:**

We have provided our comments on the definition and guidance about 'Public policy programs' and 'Public policy program outcomes' in our responses to question 1 and 3 above. Further, to those comments from the viewpoint of a reporting entity, the proposed requirements for disclosing information about climate-related public policy programs present several concerns and challenges. Therefore, it's important for IPSAB to provide more guidance to ensure that these requirements are clear, practical, and applied consistently across public sector entities.

- a) The granularity of the disclosures required under paragraphs 12 and AG2.24–AG2.31 may impose a significant administrative burden on public sector entities, particularly those with limited resources or expertise in climate-related reporting. The requirement to disclose detailed information about strategy, decision-making, anticipated challenges, and financial implications necessitates robust data collection and analysis processes, which may not be readily available or feasible for all entities. Additionally, the need to exercise judgment in identifying climate-related public policy programs (paragraph AG2.6) and determining responsibility for outcomes (AG2.7–AG2.8) introduces subjectivity, potentially leading to inconsistencies in reporting across entities. This could undermine the comparability and reliability of the information provided to primary users.
- b) Measuring outcomes, particularly long-term ones, poses significant challenges. Collecting reliable, comprehensive, and accurate data on the results of climate-related public policy programs is inherently complex and resource-intensive, often requiring substantial human, financial, and technological investments. Additionally, many climate-related outcomes, such as reductions in greenhouse gas emissions or improvements in ecosystem health,

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may take years or even decades to fully materialize, creating a disconnect between program implementation and measurable impact within standard reporting periods. This time lag complicates the assessment of program effectiveness and underscores the need for practical, forward-looking reporting frameworks. For example, a reforestation program is aimed at reducing greenhouse gas emissions and improving ecosystem health. When trees are planted, they begin absorbing carbon dioxide from the atmosphere, but the full impact of this carbon sequestration may not be evident for decades as the trees grow and mature. This disconnect between immediate actions and delayed outcomes makes it challenging to assess the program's effectiveness and reporting by the public sector entity.

- c) In the context of climate-related public policy programs, an "outcome" (paras AG 2.9-AG 2.12 of ED) can be economic (e.g., changes in GDP, job creation), environmental (e.g., reduction in greenhouse gas emissions, improved air quality), or social (e.g., improved public health, increased community resilience). Entities would have to track both direct and indirect impacts on the economy, environment, and society. It is suggested that examples or a non-exhaustive list of what constitutes climate-related outcomes (e.g., emissions reduction, adaptation to climate risks, transition to low-carbon technologies).
- d) As noted earlier, it can be difficult to attribute specific outcomes to the climate-related public policy programs, especially when multiple factors (such as technological advancements, external economic conditions or other policy interventions,) influence results. Further clarification on the "outcomes" and more guidance on measuring and attributing those outcomes could help entities navigate these challenges and deliver more accurate and actionable disclosures.
- e) Many climate-related public policy programs necessitate collaboration across a wide range of stakeholders, including various government agencies, private sector organizations, and non-governmental groups. Achieving alignment and coordination among these diverse parties can be a complex and challenging task.
- f) Public policy programs may have unintended outcomes, both positive and negative. For example, a carbon tax aimed at reducing emissions might lead to economic hardship for certain industries or communities. Identifying and reporting these unintended consequences is essential for a comprehensive understanding by the general users of a program's impact.

#### **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.

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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?

#### Comments:

We understand that IPSAB approach in the ED is conceptually consistent with the guidance in other international frameworks, including the TCFD model. As per ED entities must disclose their climate-related public policy strategies, including decision-making processes, challenges, and financial implications, as outlined in specific guidance paragraphs.

Further to our comments on Climate-related Public Policy Programs, we note that the broad scope of disclosures, including strategy, decision-making, anticipated challenges, and financial implications, may impose a significant administrative burden on entities, particularly those with limited resources or expertise in climate-related reporting.

- a) Paragraph AG2.25 of ED requires entities to design climate-related public policy programs by considering their overall goals, analyzing different scenarios, and weighing the trade-offs between short-term, medium-term, and long-term results. They also need to balance economic, social, and environmental impacts. For example, if a public sector entity through its program aims to reduce carbon emissions by promoting electric vehicles (EVs), it must consider how this affects car manufacturers, workers in the oil and gas industry, and everyday drivers. It also needs to think about costs, job transitions, and environmental benefits. However, this process is complicated because it involves many stakeholders (such as businesses, governments, and individuals), often have different priorities. Additionally, predicting outcomes is hard because climate-related scenarios rely on assumptions that may not always be accurate. This makes it challenging to design policies that work well for everyone.
- b) Paragraphs AG2.26 and 2.27 of ED discuss disclosure requirements about anticipated challenges to achieving the intended outcomes of climate-related public policy programs. The main challenges in applying the requirement to disclose anticipated challenges to achieving climate-related public policy outcomes include the complexity of identifying and assessing all potential barriers, particularly due to the dynamic and uncertain nature of external factors such as economic conditions, regulatory changes, and local opposition. Additionally, political sensitivities may discourage entities from fully disclosing challenges that could reflect poorly on their performance.
- c) Paragraphs AG 2.28 to AG 2.29 of ED require details about the financial impacts of climate-related public policy programs. However, connecting these financial impacts to public budget reports adds extra complexity. It requires matching financial reporting systems of public sector entity with climate program tracking, which can be challenging. External factors, like funding needs for other projects or investments in climate-resilient

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infrastructure, make it even harder to assess and predict these financial impacts. This creates a burden for entities, especially those with limited resources or expertise, in providing accurate and meaningful information.

#### **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?

#### **Comments:**

We note that ED's paragraph 26 (a) requires disclosure of information including the change in greenhouse gas emissions reasonably attributable to a climate related public policy program. As explained earlier, we believe that the identification and attribution of greenhouse gas emissions to a specific public policy program would be a challenge. Measuring changes in greenhouse gas emissions attributable to specific policies is inherently complex, particularly in cases where multiple policies or external factors (e.g., economic trends, technological advancements) influence emissions. The lack of standardized methodologies for attribution may lead to inconsistencies or inaccuracies in reporting, reducing comparability across entities. In view of this significant challenge, it is suggested that standard provides standardized methodologies or guidance on how to attribute changes in greenhouse gas emissions to specific policies. This could include examples of common policy types (e.g., carbon taxes, renewable energy subsidies) and recommended approaches for estimating their impacts.

Including "other metrics" as proposed in paragraph 26(b) maybe important. However, without clear guidance on which metrics are most relevant for different policies or reforms, reporting may become inconsistent or incomplete. Providing specific examples or a framework to help entities choose the right "other metrics" based on their policy goals would make disclosures more useful and comparable. This would also help align reporting with user expectations. In some cases, metrics like job creation or health improvements might be more relevant, depending on the policy's focus. Clear guidance would ensure better and more consistent reporting.

The ED encourages entities to seek stakeholder input when developing metrics, as outlined in AG 2.41(c). However, in the ED there is no requirement for entities to explain how stakeholder feedback influenced the selection of metrics or targets for the policy. This could make the disclosures less relevant to key users of the entity's reporting. To address this, it is suggested

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that entities provide clear information on how and why specific metrics were chosen, ensuring greater transparency and alignment with user needs.

Paragraph AG 2.44 does acknowledge that for less frequent reporting of certain metrics where data collection reporting annually is a challenge. However, we note that determining which metrics qualify for less frequent reporting may involve subjective judgment. To address this, we recommend providing clear guidance, along with practical indicators or examples, to help entities identify which metrics can reasonably be reported less frequently.

#### **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?

#### **Comments:**

We note that challenges may arise in the application of the proposed definition of materiality due to the evolving nature of climate-related information needs and the complexity of assessing what could reasonably influence user decisions.

We suggest following for improving the understanding and application of the critical aspect of materiality:

- Guidance on how to perform materiality analysis is provided; and
- Further explanation regarding the interaction of financial statements materiality with the sustainability reporting materiality and how these materiality levels could affect the entity.

#### **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?

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#### **Comments:**

In its current form, the ED may create confusion in consistent understanding and application of the standard. While we recognize the IPSASB's use of the ISSB standards (IFRS S1, General Standard and IFRS S2, Climate-related Standard), many general elements in the ED, which is a climate-related standard, make it more extensive than necessary. We believe that they require a separate standard, as they would be relevant to various sustainability-related topics beyond just climate. The currently drafted ED risks creating an overly complex or burdensome standard that may not align well with the specific needs of public sector reporting.

Potential operational difficulties would arise in the proposed plan to align climate-related reporting timelines with financial statements of the public sector entity. This concurrent reporting would be a challenge particularly for entities with limited resources or expertise in climate-related reporting. Further, concurrent reporting would require deployment of additional resources and operational reforms. It is suggested that in initial years of application of the Standard allowing a time gap (at least 3 months) between the two reporting deliverables may be considered as it would enable to reduce cost with elimination of undue efforts and segregated yet connected information that will enhance the user comprehension.

#### **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?

#### **Comments:**

We recommend extending the exemption for Scope 3 emissions reporting to three years instead of one. Scope 3 emissions are complex to measure due to reliance on third-party data, which is often incomplete or inconsistent. Many public sector entities, particularly smaller ones or those with fragmented supply chains, will need more time to build effective data collection and reporting systems. This extended relief period would not only ease the burden on entities during the transition but also ensure that the Scope 3 emissions data reported thereafter is accurate, reliable, and meaningful for users of the reports.

#### **Specific Matter for Comment 10: Other Comments**

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

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#### **Comments:**

Comments on other important aspects are provided below:

- a) Implementing the Climate-related Disclosures Standard would be challenging for public sector entities, especially in emerging or less developed countries, due to limited resources, expertise, and capacity. Accurately identifying, measuring, and disclosing climate-related risks and opportunities is complex, requiring strong data systems and analytical skills that many entities lack. Detailed disclosures on governance, strategy, risk management, and metrics, as outlined in the ED, add to the operational burden, and especially when aligning with financial reports and ensuring consistency over time. To address these challenges, the IPSASB should provide tailored guidance, capacity-building support, and phased timelines, making the Standard practical and achievable for all public sector entities.
- b) The disclosure of climate-related risks and opportunities will rely heavily on management judgments, estimates, and forward-looking data. This raises concerns about the challenges auditors and governments may face in verifying the completeness and accuracy of such disclosures. Auditors, in particular, may find it difficult to provide an overall opinion on the entire set of sustainability information, especially when a significant portion is forward-looking, and involves the value chain.

## Key Comments for Improving the IPSASB's Draft Standard on Climate-Related Disclosure

### 1. Clarification of Scope and Applicability

- The draft standard requires disclosures on climate-related risks and public policy program outcomes, but it **lacks clarity on the applicability to different government entities**.
- **Recommendation:** Provide **illustrative examples of the disclosures by government sectors**, including those managing **natural resources, agriculture, and water conservation**.

### 2. Challenges in Measurement and Data Reliability

- The reliance on **private sector disclosure frameworks (e.g., IFRS S2)** may not be fully compatible with public sector objectives and data availability.
- **Recommendation:**
  - Develop **public-sector-specific measurement frameworks**, including **alternative methodologies for greenhouse gas emissions reporting** when direct measurement is not feasible.
  - Develop uniform metrics that ensure information is relevant, accurate and responsive to environmental changes, and provide a complete view that is comparable across entities.

### 3. Public Policy Program Accountability

- The standard requires disclosures on climate-related public policy programs but does not **define clear accountability measures** for their effectiveness.
- **Recommendation:** Introduce **performance benchmarks and evaluation criteria** to assess the impact of climate-related policies on emissions reductions and environmental sustainability.

### 4. Transition Risks and Financial Implications

- The requirement to disclose financial implications of climate-related risks may be **difficult for public sector entities** due to uncertain funding mechanisms and long-term policy shifts.
- **Recommendation:** Allow for **flexibility in financial reporting**, including **scenario-based disclosures** rather than precise financial estimates.

### 5. Sensitive Data and National Security Considerations

- Disclosure requirements may **risk exposing sensitive environmental or strategic information** that could be exploited (e.g., water security data, agricultural vulnerabilities).
- **Recommendation:** Establish **clear guidelines on disclosure exemptions** to protect **critical national resources** while maintaining transparency.

### 6. Effective Date

- Effective Date: Typically the effective date for the IPSASB's new standards is set **one to two years** later from when the standard is issued.
- **Recommendation:** Given that public sectors are **completely new to this area of reporting**, Set the **Effective Date** of the standard **at least three years later** to allow more time to develop systems, train staff, and refine reporting processes with the option to apply earlier.

