Ian Carruthers
Chair
IPSASB
277 Wellington Street West
Toronto, ON M5V 3H2
Canada

Submitted online

28 February 2025

Subject: Response to SRS ED 1, *Climate-related Disclosures*

Dear Mr Carruthers,

Accountancy Europe is pleased to provide you with its comments on SRS ED 1, *Climate-related Disclosures*.

Accountancy Europe supports the IPSASB as the most appropriate standard setter to develop international sustainability standards for the public sector.

Not only is the public sector a major source of greenhouse gas emissions from its own operations but it has the power to set policy and thereby change behaviour of the private sector and citizens. Consequently, we congratulate the IPSASB for developing this draft standard that encompasses both own activities and public policy programme elements.

Climate change is one of the most urgent issues facing the world and it is important that the public sector takes prompt action to mitigate its most immediate impacts and reduce the possibility of catastrophic climate change. Consequently, we understand the pressure faced by the IPSASB in developing this draft standard in a short period of time.

We support the decision of the IPSASB to leverage existing private sector guidance and standards as far as possible for climate reporting on own activities, ensuring a high degree of convergence between the requirements on private sector and public sector entities.

In principle, we believe that the entity level public sector sustainability should be based on both financial and impact materiality – so called 'double materiality'. We would have preferred the IPSASB to be more outspoken on how a stakeholder approach could be broadened from the financial investor perspective used by ISSB to better satisfy the more diverse stakeholder landscape of IPSAS.

However, to expedite the development, adoption and implementation of this (draft) standard globally, we understand and support the IPSASB in its decision to mostly base the entity level reporting on IFRS S1 and S2 and thereby restrict the consideration of the financial impacts of climate change to the entity itself. This also takes into account the very real resource constraints that many public sector entities face that would potentially limit their ability to report reliably on impacts of their own activities.

In respect of climate-related public policy programmes, we agree that entities should disclose the climate-related outcomes of those public policy programmes for which the entity in question has responsibility. However, we do not agree that the scope for reporting should only cover those programmes that have a climate-related primary objective.

We accept that it will be very challenging for many public sector bodies to consider the climate-related outcomes of programmes for which they are responsible where the primary objective is not climate related. However, the current scope of the draft standard increases the risk for greenwashing - whereby relatively small programmes designed to combat climate change are reported whilst ignoring those much larger government spending programmes that may have a massive impact on climate but whose primary purpose is, for example, energy security or creating employment.

Additionally, the draft standard already requires the entity to consider its own transition risks. The entity's transition risks could be impacted by the climate impact of non-climate related public policy programmes for which it has responsibility – and it may potentially adapt these programmes to reduce its own transition risks. Consequently, for larger programmes at least, it could be expected that some analysis of the climate related risks of public policy programmes would already have been performed.

Linked to this, we also disagree with the fact that the financial impact of climate-related public policy programmes is restricted to the impact on the entity itself. This is contrary to the definition of public policy programme outcomes in the (draft) standard - which emphasises that public policy programmes can change behaviour and will have broader impacts on citizens and the economy as a whole. Given that the financial impacts on the entity of its public policy programme will be extremely small compared to their broader impacts, it is hard to imagine that this will be relevant information for most stakeholders.

Whilst we support basing the entity level reporting on IFRS S1 and S2, we do wonder if more customisation could be undertaken to deal with specificities of the public sector without too much divergence from the obligations on private sector entities – particularly how the concept of the value chain translates to a public sector context.

The public sector comprises of a huge variety of entities of many different sizes. There is a massive skill shortage in sustainability related matters, and it is likely that in many jurisdictions the public sector will struggle to attract experts in sustainability reporting, assurance etc. This will be exacerbated for smaller public sector entities. Although we appreciate that national governments will choose their own adoption and implementation process, the IPSASB should consider whether this issue should be addressed within the standard (e.g. longer transitional periods for certain entities) or outwith the standard (e.g. implementational guidance or educational material).

Public sector reporting will inevitably become more complex with the introduction of sustainability reporting. We believe that there would be a great deal of benefit if the IPSASB were to consider as a matter of urgency the following two projects on completion of this (draft standard):

1. A public sector equivalent to IFRS S1. This would establish the general principles for sustainability reporting and would remove the necessity for including some of this information in each subsequent topic specific standard.
2. Consideration of the content and composition of public sector general purpose financial reports - including financial reporting, performance reporting, fiscal sustainability reporting, sustainability reporting and the narrative elements of each. This would help cut down duplication and fragmentation of reporting, would also improve the interlinkage of different types of information, and simplify the reporting for the benefit of stakeholders.

Please do not hesitate to contact Paul Gisby (paul@accountancyeurope.eu) in case of any questions or remarks.

We provide our detailed comments below

Sincerely,

Eelco van de Enden
Chief Executive

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 49 professional organisations from 35 countries that represent close to **1 million** professional accountants, auditors and advisors. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

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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:

1. the climate-related risks and opportunities that are expected to affect its own operations

(i) 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?

1. Accountancy Europe broadly agrees with the proposed approach.

2. We believe that it is crucially important that public sector entities should join the increasing number of private sector entities that must, or chose to, report on sustainability matters. Indeed, we consider that the public sector should lead by example, particularly as its operations in many jurisdictions directly cover many sectors seen as important for sustainability reporting.

3. Ideally, we would prefer that public sector entities take a broader view of the risks and opportunities in a sustainability reporting context than merely those that affect the entity's own operations.

4. However, in the context of SRS ED 1, we can see the logic in starting by considering of climate-related risks and opportunities based on the approach in IFRS S2 *Climate-related risks and opportunities*, as:

   i. Climate-change is an urgent issue that needs to be addressed by public sector entities as soon as possible

   ii. Many public sector entities lack resources, and expertise in sustainability reporting. Consequently, limiting entity level climate reporting to the impacts on the entity itself will reduce, for example, the amount of stakeholder outreach required, and allow the entity to focus on the identifying the drivers and the informational requirements for setting targets for, and reporting on, its own GHG emissions.

   iii. Public sector entities will also be able to leverage existing ISSB training and educational materials, particularly in respect of adoption and implementation of climate-related reporting. This will free up IPSASB resources to concentrate on guidance for adoption and implementation issues related to public sector specificities.

   iv. Many of the metrics for climate reporting are in a broad sense outward looking. For example, reporting Scope 1, 2 and 3 emissions will allow stakeholders to assess the broader impact of the entity's emissions on climate change even if the entity focuses its reporting on the impacts that climate change will have on its own operations and ability to provide service potential.

5. We also support the requirement that the public sector should disclose information on the outcomes of its climate-related public policy programmes. Indeed, it is in respect of the public sector's ability to set policies to change behaviour that is an essential difference to the private sector and an essential element for the IPSASB to include in public sector sustainability reporting.

6. We agree with the Board that identifying the entity that has responsibility for climate-related programmes will be difficult in practice, especially as the necessary complexity of the disclosures is an incentive for entities to deny that they have responsibility for the programme.

7. In many governments there will be a cascade of responsibility on climate-related matters – starting from an overall policy to reduce emissions which is then passed down to the chain to other departments that will develop more concrete policies. These will be then passed down the chain to others for implementation.

8. Additionally, there will often be a ‘horizontal cascade’ across departments of equal standing, such as between a Ministry of Finance and other line Ministries. Also, there can be a considerable interdependency between line Ministries when action is required. It will be difficult to assess which department is ‘responsible’ for the policy programme.

9. There will often be a disconnect between the entities that consider climate strategy, decide on policy objectives and then implement the resulting public policy programmes. Often, information flows will not be seamless between the different levels of government. It may be difficult for the entity responsible for implementation to disclose how the key risks and opportunities were identified and incorporated in the resultant strategy. Equally, it could be difficult for the strategy setting entity to gauge the impact of the programme.

10. This is an area where additional guidance is likely to be required – including at the level of national implementation. We appreciate that the IPSASB is unlikely to be able the sole source of such guidance but could play an important role in disseminating guidance and best practice from national governments as they are developed. This process could facilitate the IPSASB to develop a jurisdictional adoption guide, similar to that produced by the ISSB.

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?

11. As mentioned in our response to SMC 1 and previous IPSASB consultations, we believe that entity level sustainability reporting should also consider the impact of its operations on other stakeholders and the broader environment.

12. However, for the reasons mentioned in point 4 above, we accept the Board’s decision to align with IFRS S1 and S2, particularly as there will be a growing pool of disclosures and data that could help public sector entities deal with some of the most difficult concepts – such as scenario analysis.

13. We consider that an objective of the accountancy profession’s involvement in sustainability reporting should be that accounting information contributes to more accurate and granular information on the size and distribution of GHG emissions and we would welcome the inclusion of language that reflects such an ambition.

14. We understand the pragmatism of the rebuttable presumption that public sector entities use the GHG Protocol to measure its GHG emissions.

15. However, we note that the GHG Protocol is now over two decades old and that there have significant methodological developments since its adoption, including using satellites to detect emissions of GHGs, as well as accounting updates (IFRS 16 *Leases)*.

16. We are aware that work has started to update the GHG protocol, and we are hopeful that these developments are reflected in the revised protocol, expected in 2027. Consequently, at the current time, we support the rebuttable presumption to use the GHG Protocol as the starting point for entity level reporting, augmented by local\regional tools that have been subsequently developed.

17. Although we support close alignment with IFRS S1, we would welcome the inclusion of more public sector specific concepts and terminology in the standard to explain, for example, the concept of a value chain in the public sector context.

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.

18. We have significant concerns about the scope of public policy programmes included in the ED. Indeed, we agree with the concerns expressed in the Alternative View in this respect

19. Restricting mandatory reporting of outcomes to only those with a 'primary objective' of climate-related outcomes may encourage public sector entities to report on such programmes for the first time, thereby encouraging prompt adoption of the (draft) standard.

20. However, this approach also runs the real risk of greenwashing – reporting what could be relatively minor positive outcomes of their climate-related public policy programmes whilst ignoring the potentially massive impacts on climate of other programmes that are not designated as having climate-related primary objectives.

21. We note that the BC 17 of the ED states when entities determine that information related to other public policy programmes is material in the context of climate, they are **not precluded** from providing the disclosures in *Appendix A2: Application Guidance – Climate Related Public Policy Programs*. However, this point is not articulated in the body of the standard or in Appendix A2.

22. In our opinion, this should be a requirement for public policy programmes that have a material impact on climate. The focus should be on those public policy programmes that will have positive or negative impacts on GHG emissions, however they are designated by government departments.

23. We believe that most stakeholders are interested in those public policy programmes that represent the biggest spend by governments. Unfortunately, for most of the main government departments in many countries, these largest spend programmes would not be those with a primary objective to achieve climate-related outcomes. Consequently, it would be baffling to many stakeholders that public policy programmes specifically charged with dealing with climate are disclosed but much larger programmes that have a material impact on climate change are not subject to similar reporting requirements.

24. Concentrating on the largest programmes that have material impacts on climate could actually be a beneficial approach for smaller entities that are responsible for small-scale climate-related programmes. These may not be required to produce the full disclosures required in the (draft) standard but could, as an alternative, disclose the effectiveness of the programme under RPG 3.

25. Removing reference to having a primary objective to achieve climate-related outcomes could also remove an element of uncertainty (namely, having to assess the primary objective of the public policy programme) when this information is assured or audited.

26. We appreciate that this could be an element that dissuades some governments from implementing draft SRS 1 but regard this as a necessary consequence to avoid an asymmetrical approach to reporting on the material climate impact of all public sector programmes.

27. We also appreciate that it will often be the case that it won't be the same entity responsible for setting climate-related public policy programmes that sets public policy programmes where the primary aim is not climate-related but nonetheless have material impacts on the climate. Many government departments are already producing such information for statistical purposes, but it will be a new challenge for others. It will also require a level of coordination between different levels of government and government departments that may not currently exist. However, we would argue that such coordination is a necessary prerequisite for effective action against climate change.

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

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

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

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

28. We agree with the definition of public policy programmes as "*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.*"

29. We also agree with the definition of public policy programme outcomes as "*the impacts on the economy, environment and/or people, which occur as a result of, or are reasonably attributable to, the public policy programs*". This is an expansive definition that captures both the importance that public policy programmes can have within the jurisdiction and that their impacts could be very broad, affecting far more than the entity itself.

30. As indicated by our response to SMC 3 we do not agree with the definition of climate-related public policy programs as "*public policy programs with a primary objective to achieve climate-related outcomes*". We believe that climate-related public policy programmes would be better defined along the lines of "any public policy program that has a material impact on climate related outcomes". We consider that this would be compatible with the definition of public policy programme outcomes, discussed in the previous point.

Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31)

This Exposure Draft proposes disclosure requirements about an entity's strategy for climate-related public policy programs which include information that enables primary users to understand the entity's strategy and decision-making, anticipated challenges to achieving intended outcomes and financial implications of the climate-related public policy program.

Do you agree that the disclosure requirements on strategy for climate-related public policy programs meet the information needs of primary users?

If not, what alternative approach would you propose and why?

31. Generally speaking, we agree with the disclosure requirements concerning the entity's strategy for climate related public policy programmes.

32. The exception arises in the scope of Paragraph 12(c), expanded on in AG2.29 to AG2.31, which only requires that the entity addresses the financial implications of the entity's climate-related public policy programmes to the entity itself.

33. The requirement to only disclose the financial implications to the entity responsible for setting such programmes seems unnecessarily restrictive. It is also contrary to the definition of climate-related public policy programme outcomes, which include "*the impacts on the economy, environment and/or people*". In certain cases, such impacts will likely include financial impacts. Indeed, in many cases it is foreseeable that the financial implication on the entity itself will be relatively minor compared to the financial impact on the economy or citizens.

34. It is difficult to imagine that the primary users of public sector general purpose financial reports would not be interested in the broader financial implication of a climate-related public policy programme – particularly citizens, some element of which may be directly (and negatively) impacted.

35. For example, a ministry charged with coordinating and regulating a jurisdiction's energy resources may make a policy decision to phase in a prohibition on using coal for electric power generation. In the short term at least, new lower carbon / pollution emitting sources of energy will be more expensive within the jurisdiction. The ministry itself will face increased energy costs over the next few years as power generation is switched over to green energy. However, the cost impacts on the jurisdiction's businesses and citizens will be far greater and the jurisdiction may find it more difficult (or easier, depending on local legislation) to sell excess electricity to other jurisdictions. Requiring only the disclosure of the financial consequences for the entity itself would not provide meaningful information to most interested stakeholders.

36. We note that in BC 81 that the IPSASB acknowledges that such broader financial impact information is already being disclosed by some entities and that it is encouraged that entities disclose "their consideration of various external factors when evaluating financial implications of climate-related public policy programs". We believe that such disclosure should be mandatory, not least because it would provide a greater level of comparability between different jurisdictions.

37. Our reading of AG2.24 (d)i is that the entity should disclose those trade-off decisions made by the entity when designing the climate related public policy programme. Conceptually linked to the point made above, there would be more interest in the trade-offs that had to be made in respect of other public policy programmes (including those for which the entity does not have responsibility) that may be inherent in the climate related public policy programme in question.

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?

38. Excepting the limitation in scope to climate-related public policy programmes, we agree that the requirements to disclose greenhouse gas emissions and other metrics to measure and monitor performance in respect of public policy programmes that impact climate meet the informational needs of primary users of the report.

39. We would highlight the anticipated challenges to achieving the intended outcomes discussed in paragraphs AG2.26 to AG2.28. This will particularly be the case where different public sector entities may be responsible for setting overall policy strategy, funding and targets and other entities may be responsible for implementing the public policy programmes.

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?

40. We agree that the proposed definition of materiality meets the informational needs of primary users for climate related disclosures, and with the other matters considered in determining materiality in B.AG28-B.AG52. We also agree with the identification of primary users and consideration of their needs contained in B.AG28 – B.AG33.

41. It is noteworthy that considerations of materiality in B.AG28-B.AG52 do not limit entities from disclosing the impact of their own activities on the broader environment nor limit entities to only disclosing the financial implications of climate-related public policy programmes on the entity itself.

42. Consequently, the limitation of the scope of disclosures in AG2.29 – AG2.31 to the financial impact of climate-related public policy programmes to the responsible entity itself does not seem to have a basis in the definition of materiality aligned with the Conceptual Framework.

43. We note that the definition of materiality and discussion of matters related to its assessment come rather late in the standard. Given that materiality underpins both the entity level reporting and the reporting of climate-related public policy programmes in the (draft) standard, and it is a complex topic for sustainability reporting, it is a topic that should be dealt with very early in the standard.

44. Related to this, the (draft) standard is long, with a complex structure. It is likely that users will go straight to the sections that most immediately concern them so may miss earlier definitions, guidance etc relating to assessment of materiality. Although it will result in some duplication, it may, therefore, be of assistance to users to briefly reiterate the key issues pertaining to materiality, and its pervasive importance, at the start of each relevant section.

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?

45. In principle, we agree that the climate-related disclosures should be included in the entity's general purpose financial report – including in the management commentary where this forms part of the entity's general purpose financial reports.

46. There is an argument that certain sustainability disclosures, including Scope 1-3 GHG emissions disclosures are of sufficient importance to certain entities as to form part of their main financial statements. This would apply to other sustainability metrics that are heavily interlinked with elements of financial reporting – social metrics relating to own workforce being an obvious example. Perhaps this is something that the IPSASB could consider when deciding on their next project in the sustainability reporting agenda.

47. We also agree that climate-related (and indeed, all sustainability-related) disclosures should be reported at the same time as the related financial statements.

48. However, we have to consider practical issues, especially in the early years of adoption, particularly as sustainability reporting will be a new endeavour for many public sector entities.

49. Due to the novelty of the concept, constraints on resources and training and less than optimised systems for sharing data, it may be extremely difficult for many public sector entities to have produced reliable and verifiable climate-related information by the due date for publication of their financial statements.

50. Timeliness of financial information is a key qualitative characteristic, which has been an issue for some public sector entities, particularly at whole of government level. It would not be beneficial if general purpose financial statements were to be delayed waiting for sustainability information to be incorporated into the general-purpose financial reports. Given the lack of preparedness for sustainability reporting that most public sector bodies will face, this unintended consequence is a very real concern.

51. This issue could be ameliorated by extending the transitional period (as mentioned below) but could also be mitigated by increasing flexibility of reporting location for at least some types of information, at least for a transitional period.

52. For example, a public sector entity's governance procedure and / or climate related strategy may be set at a higher level of government. In those circumstances it would seem superfluous to require the inclusion of such policies into the entity's own general purpose financial report or sustainability statement, when a link would suffice.

53. On a related matter, consideration should be given to the amount of information required to be included each year in general purpose financial reports in respect of sustainability information. It is unlikely that such elements as governance, risk and opportunities, strategy etc will change substantially each year. Whilst we support the principle that all related information should be included in a single report, consideration should be given - in the short term at least - as to whether it is appropriate to include this information initially but in subsequent years only report significant changes - most obviously to performance metrics and changes in targets.

54. This would particularly be relevant to climate-related public policy programmes which would typically run for a number of years, often for a set period, (that may not be the same as the entity's reporting period) and may be terminated by a policy decision.

55. This also brings us to the question of reporting overload in the general-purpose financial report. Currently, IPSAS general purpose financial reports may contain the financial statements, management commentary (potentially incorporating elements of RPG 2, *Financial statement discussion and analysis)*, potential reporting of the *Long-term Fiscal Sustainability* of the entity under RPG1 and, potentially, disclosures under RPG 3 in respect of *Reporting Service Performance Information*. To this would be added climate-related sustainability reporting for the entity and for public policy programmes, if relevant. This could lead to an insurmountable reporting burden for some public sector entities and risks burying key information for stakeholders.

56. Even at present there is considerable interlinkage, and indeed overlap, between these reporting guidelines and standards – and this is likely to increase. For example, RPG 1 considers the fiscal sustainability of a public sector entity, which could also be impacted by climate change. RPG 3 already contains examples of disclosing the performance of sustainability-related programmes, which has obvious connections to reporting on climate-related public policy programmes under SRS ED1. Sustainability reporting requires a strong narrative element, which interacts with RPG 2.

57. There is a potential reporting overload (especially as further sustainability-related standards are developed) and an unbalancing of the general-purpose financial reports between narrative and financial reporting. Consequently, once work has finished on SRS ED1 we would recommend that the IPSASB urgently consider a project to consolidate which information should be presented in the general-purpose financial reports, how it should be disclosed and how interlinkages between financial and non-financial reporting can be best exploited.

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?

58. The (draft) standard contains no size criteria for application.

59. Even limiting the entity specific disclosures to financial impact on the entity itself will not help many smaller public sector entities as they will lack the capacity, expertise and systems to produce reliable data for the targets and metrics. In the private sector, mandatory sustainability reporting is currently limited to large, usually public interest, entities – albeit with an inevitable trickle-down effect passed along the value chain to smaller entities.

60. We appreciate that jurisdictions will apply their own adoption and implementation of the (draft) standard, including implementation dates and transitional provisions, and potentially the scope of entities that are required to report.

61. However, it could be useful for many jurisdictions if the IPSASB were to consider this issue. This could be through the development of a jurisdictional adoption guide, perhaps based on existing private and public rollouts of sustainability reporting in jurisdictions across the globe.

62. Whilst we appreciate that it will be difficult to define 'smaller' or 'less complex' entities on a global scale, the IPSASB could also consider at least a temporary carve out for smaller entities – particularly those deemed lower risk or with no policy setting responsibilities. This will also provide the opportunity for public sector sustainability practices and methodologies to be tested and improved before smaller / less-complex entities are required to implement them. It should also allow the development of an effective jurisdictional reporting system for public sector sustainability information. Development of an effective reporting system will be a key factor in the effective implementation of sustainability information in the public sector – and especially in respect of public policy programmes, which are likely to involve different public sector entities.

63. Even some larger public sector entities may struggle to meet a one-year transition period so we would recommend a longer transitional period – or at least a phased approach – perhaps of up to three years.

64. As resources are limited for many public sector entities, we wonder if it would be appropriate to consider a priority ranking for sustainability disclosures. For many stakeholders, it is the policy setting power of the public sector in respect of sustainability matters that is the key, unique characteristic. We suggest that where resources are limited, particularly for smaller public sector entities that still have responsibility for public policy programmes, that priority is given to disclosing information about climate-related public policy programmes rather than entity level climate reporting. However, as we accept views on the relative importance of the two types of reporting is likely dependent on the nature of the entity, and of the jurisdiction involved, perhaps this consideration could be examined in a jurisdictional adoption guide.

Specific Matter for Comment 10: Other Comments

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

STRUCTURE OF THE DRAFT STANDARD

65. Combining elements of IFRS S1 and S2, entity level reporting climate reporting and public policy programme climate reporting, the (draft) standard is quite unwieldly - especially read cover to cover, where an element of repetition makes it difficult to keep track of which section is currently being considered.

66. Consequently, we have discussed whether the (draft) standard would be better split into standards covering entity level and public policy programme reporting separately.

67. Feedback was received that although the (draft) standard is difficult to navigate cover to cover, in practice users were unlikely to read the standard in this way and, particularly if they are public sector entities with responsibility for public policy programmes, would potentially find it more usual to have a 'one stop shop' standard than being forced to consult two separate standards.

68. Consequently, at this point we are not recommending that the entity specific and public policy programme elements be split into separate standards.

69. In due course, and assuming no significant changes in the structure of the (draft) standard before it is finalised, perhaps the IPSASB could consider development of an interactive online e-standard that would, for example, display only the relevant sections for depending on the type of entity.

70. As we support the IPSASB developing the (draft) climate standard in the shortest possible time we support alignment with IFRS S2. We appreciate that there were insufficient resources and time to start with a public sector aligned version of IFRS S1 *Sustainability-related financial disclosures* and consequently support the Board's decision to expedite matters by incorporating elements of IFRS S1 into the (draft) standard.

71. However, this does make the (draft) standard longer and more complicated that would have been otherwise necessary and would consequently recommend that the Board consider developing a full public sector aligned version of IFRS S1 to prevent the need to incorporate elements of IFRS S1 into future topic specific public sector sustainability reporting standards. The duplicated elements introduced into ED SRS 1 could then be removed at a later stage.