

ED 213

IPSASB SRS on *Climate-related Disclosures*





Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.



Overview of today's session

1. Background
2. Overview of ED 213
3. Impact on the local environment
4. Specific matters for comment
5. Other opportunities to provide comment



Background





Background

- IPSASB is an independent standard-setting body that develops international *financial reporting standards* for public sector entities.
- **First of the IPSASB *sustainability reporting standards* for public sector entities.**
- Response to the 2022 World Bank report and IPSASB's Consultation Paper on *Advancing Public Sector Sustainability Reporting*.



Overview of ED



Building on private sector guidance



Role of Public Sector in Climate



Own Operations - Overview

Own Operations



Climate-related risks and opportunities that could affect the entity's day-to-day activities



Includes all public sector activities such as service delivery, policy design and implementation



Expect to be applicable to **all public sector entities**

Governance

- Oversight of climate-related risks and opportunities

Strategy

- Strategy and decision-making, current and anticipated financial effects, climate resilience

Risk Management

- Processes to identify, assess, prioritize and monitor climate-related risks and opportunities

Metrics & Targets

- Scopes 1, 2, 3 GHG emissions based on GHG Protocol or other established methodology, and other metrics and targets

Climate-related Public Policy Programs - Overview

Public Policy Programs



Climate-related public policy programs and their outcomes



Any public policy programs such as laws or regulation, taxes, subsidies, **with a primary objective to achieve climate-related outcomes**



Only required for **select entities responsible for outcomes** of climate-related public policy programs

Governance

- Oversight of climate-related public policy programs and their outcomes

Strategy

- Strategy and decision-making, anticipated challenges and financial implications

Risk Management

- Processes to identify, assess, prioritize and monitor challenges to achieving outcomes

Metrics & Targets

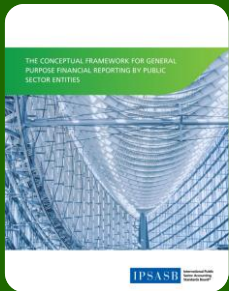
- Reasonably attributable change in GHG emissions and how it is progressing towards its targets, and other metrics and targets

Conceptual Foundations



MATERIALITY

Definition of materiality aligns with the IPSASB Conceptual Framework



“In the context of climate-related disclosures, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity’s general purpose financial reports prepared for that reporting period.”



FAIR PRESENTATION

Faithful representation of information



REPORTING ENTITY

Same as the financial statements



CONNECTED INFORMATION

Between, within, and across disclosures



Impact on the local environment





Local environment

- No mandate to develop sustainability reporting standards - ED has no impact on local requirements.
- Important for stakeholders to provide input to the IPSASB as it continues to develop the IPSASB SRS.

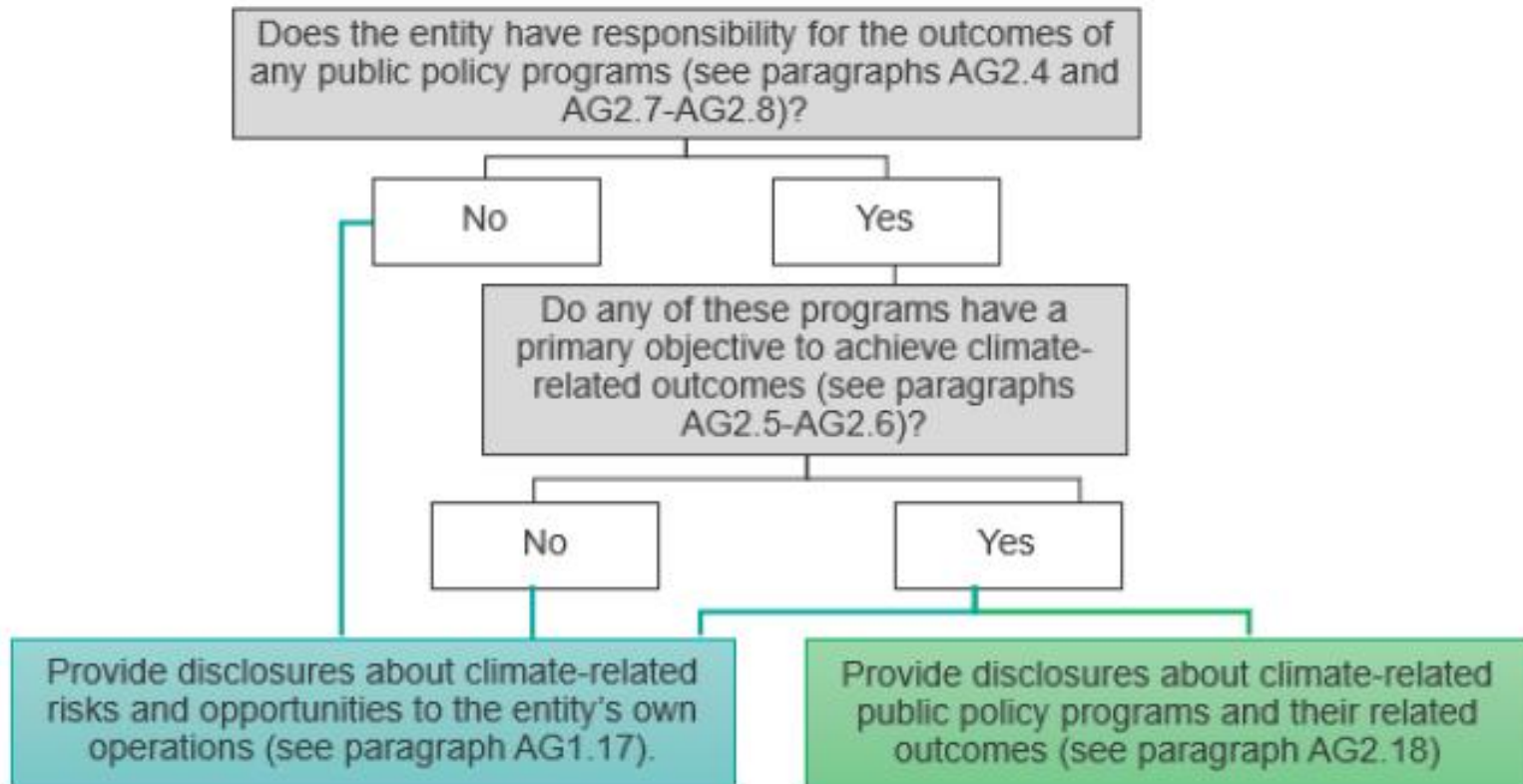




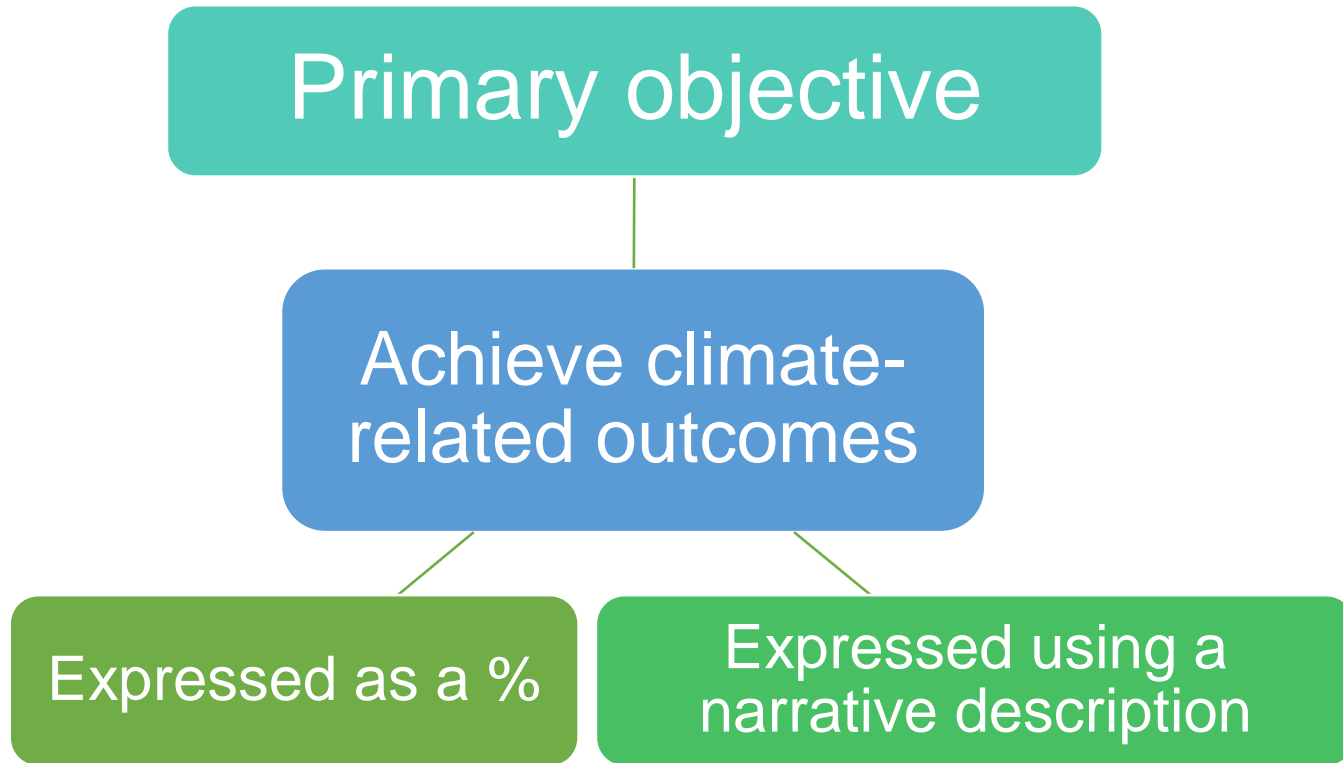
Specific matters for comment



Public sector operations and regulatory role



Scope of public policy programmes (PPP)



Alternative view

Alternative view disagrees with the inclusion of climate-related PPP disclosures in the scope of the ED:

- Standard loses focus by combining two purposes;
- Structure, drafting, requirements, definitions, guidance and examples are confusing when read alongside the IFRS S2;
- Limited amount of information will be disclosed;
- Definitions and requirements do not co-exist well with Paris Agreement.

SMC 1

Public sector operations and regulatory role

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 PPPs and their outcomes when an entity has responsibility for those programmes and their outcomes.

Do you agree the proposed approach meets the information needs of primary users? If not, what alternative approach would you propose and why?

Alternative View on the approach to climate-related PPPs.



SMC 3

Scope of PPPs

This ED requires disclosures about PPPs with a primary objective to achieve climate-related outcomes. Do you agree with this approach and the scope of PPPs included in required disclosures? If not, what alternative approach would you propose and why?

Alternative View on the approach to climate-related PPPs.





SMC 2

Own operations

This ED primarily aligns disclosure requirements about an entity's own operations in private sector guidance (IFRS S1 and S2) with additional public sector guidance. The ED includes 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.

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



Public sector-specific definitions

Public policy programmes

- 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 programme outcomes

- Impacts on the economy, environment and/or people which occur as a result of or are reasonably attributable to the PPPs.

Climate-related public policy programmes

- PPP with a primary objective to achieve climate-related outcomes.

SMC 4

Public sector-specific definitions

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

- (a) Public policy programmes;
- (b) Public policy programme outcomes; and
- (c) Climate-related public policy programmes.

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



Strategy for climate-related PPPs

Disclose info about strategy for climate-related PPPs:

- Entity's strategy and decision-making in relation to climate-related PPPs and their outcomes;
- Anticipated challenges to achieving the intended outcomes; and
- Current and anticipated financial implications of climate-related PPPs to the entity itself.

SMC 5

Strategy for climate-related PPPs

This ED proposes disclosure requirements about an entity's strategy for climate-related PPPs 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 PPP.

Do you agree that the disclosure requirements on strategy for climate-related PPPs meet the information needs of primary users? If not, what alternative approach would you propose and why?



Metrics for climate-related PPPs

Greenhouse gases

- Change in greenhouse gas emissions; and
- Approach, inputs and assumptions it uses to measure the change.

Other metrics

- Other metrics the entity uses to measure and monitor the performance; and
- Approach, inputs and assumptions it uses to measure the metric.



SMC 6

Metrics and targets for climate-related PPPs

This ED proposes to require disclosures about metrics and targets, including (a) the change in greenhouse gas emissions reasonably attributed to climate-related PPPs and (b) other metrics to measure and monitor performance in relation to climate-related PPPs.

Do you agree these disclosures meet the information needs of primary users of the report? If not, what alternative approach would you propose and why?



SMC 7

Conceptual foundations

This ED includes conceptual foundations aligned with the IPSASB Conceptual Framework including the definition of materiality and primary users of public sector general purpose financial reports.

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?

SMC 8

General requirements

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 and (b) an entity to report its climate-related disclosures at the same time as its related financial statements.

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?



Transition

Apply prospectively

First annual reporting period, the following relief is permitted:

- Report within 9 months of the end of the annual reporting period;
- Not required to disclose Scope 3 greenhouse gas emissions; and
- Not required to disclose the change in greenhouse gas emissions from climate-related PPPs that were in place on the date of adoption.

SMC 9

Transition

This ED proposes to provide transitional relief only in the first year of adoption for disclosures relating to an entity's own operations and where applicable, relating to climate-related PPPs and their outcomes.

Do you agree that the proposed transition provisions approach should be applicable to both own operations and climate-related PPPs? If not, what alternative approach would you propose and why?



SMC 10

Other comments

Do you have any other comments on the proposed ED?





Other opportunities to provide comment





Have your say

Roundtable discussions:

- 11 December 2024 - Preparers
- 22 January 2025 – Policy-setters in government
- 23 January 2025 – MFMA entities
- 30 January 2025 – Auditors, consultants
- 11 February 2025 – PSAF



Have your say

Comment deadline: 14 February (local)

- ITC and other material - [ASB website](#)
- Input will be considered in our comment letter to the IPSASB.
- After the comment period, all comments will be considered by the IPSASB when developing the final standard.
- Final standard is expected to be approved in the second half of 2025.



Stay informed





Stay informed

- All information can be accessed on our website www.asb.co.za.
- FAQs
- Follow the ASB on LinkedIn, Facebook, X, YouTube
- Subscribe to our Newsletter via our website.
- Translations of the Standards.

Contact details

Tel: (011) 697-0660

Fax: (011) 697-0666

Email: info@asb.co.za

Website: www.asb.co.za

