



Responses due by 14 February 2025

ACCOUNTING STANDARDS BOARD

INVITATION TO COMMENT ON THE EXPOSURE DRAFT OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD SUSTAINABILITY REPORTING STANDARD™ ON *CLIMATE-RELATED DISCLOSURES* (ED 213)



Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the Exposure Draft of the International Public Sector Accounting Standards Board's Sustainability Reporting Standard (IPSASB® SRS™) on *Climate-related Disclosures*. Comment received on this Exposure Draft will be used in formulating a response to the IPSASB.

Comment should be submitted in writing so as to be received by **14 February 2025**. Email responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record. Comment should be addressed to:

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Background to this Exposure Draft


The IPSASB is an independent standard-setting body that develops international financial reporting standards for public sector entities. This Exposure Draft (ED) is the first of the IPSASB sustainability reporting standards for public sector entities. This is in response to the 2022 World Bank report calling on the IPSASB to develop a framework for public sector sustainability reporting, which was confirmed by respondents to the IPSASB’s Consultation Paper on *Advancing Public Sector Sustainability Reporting*.

The IPSASB SRS ED 1 on *Climate-related Disclosures* proposes to align public sector sustainability reporting with global best practices, building on other international sustainability standards, while addressing the differences and information needs of primary users of public sector reports. The IPSASB notes this approach leads to more consistent and verifiable information across sectors to enable better decision-making and comparability. The ED provides useful information for primary users of general purpose financial reports, including service recipients and resource providers about:


- A. climate-related risks and opportunities to an entity’s own operations. This guidance is adapted from private sector guidance, primarily IFRS S2 *Climate-related Disclosures* and the Taskforce for Climate-related Disclosures; and
- B. climate-related public policy programmes and their outcomes to address the dual role of governments. These requirements integrate the Global Reporting Initiative’s multi-stakeholder focus.

A. Climate-related risks and opportunities to an entity’s own operations


Own Operations



IPSASB SRS ED 1 requires disclosures about climate-related risks and opportunities that could affect the entity’s day-to-day activities.



An entity’s operations includes all public sector activities supporting service delivery.



These disclosures are expected to be applicable for all public sector entities across all levels of government, such as public schools, hospitals, municipalities, states and regions.

Public sector entities’ operations may be affected by climate-related risks - such as those resulting from severe weather events, and opportunities - such as the transition to low-carbon technologies. The ED proposes disclosure requirements about these climate-related risks and opportunities that affect the entity’s ability to continue to deliver on its mandate. The four pillars for reporting on an entity’s own operations include an entity’s governance, strategy, risk management and its metrics and targets.

Governance

- IPSASB SRS ED 1 proposes disclosures about the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities.
- This includes the role of the governing body and the role of management, which may differ across public sector entities.

Strategy

- IPSASB SRS ED 1 proposes that an entity provide disclosures about the climate-related risks and opportunities that affect the entity's operations, including information about:
 - (i) The entity's strategy and decision-making process;
 - (ii) The current and anticipated financial effects; and
 - (iii) The climate resilience and the entity's ability to adapt.

Risk Management

- IPSASB SRS ED 1 proposes that an entity disclose its risk management processes and policies to identify, assess, prioritize, and manage climate-related risks and opportunities.

Metrics and Targets

- IPSASB SRS ED 1 proposes that an entity disclose performance indicators and targets it uses to measure the performance towards its strategic goals, which includes Scopes 1, 2, and 3 greenhouse gas emissions.
- IPSASB SRS ED 1 allows for use of methodologies other than the GHG Protocol: A Corporate Accounting and Reporting Standard where an entity determines another methodology more appropriate.

B. Climate-related public policy programmes and their outcomes

Public Policy Programs



IPSASB SRS ED 1 requires disclosures about climate-related public policy programs and their outcomes.



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



These disclosures are **only required by entities responsible for the outcomes of a climate-related public policy program, which include sovereign or sub-sovereign entities in influencing the behavior of other entities and/or individuals.**

The public sector affects climate through climate-related public policy programmes. For example, a government makes climate action commitments through international/national agreements and public sector entities have a policy setting role that influences the behaviours of entities or individuals. The ED proposes disclosure requirements about the climate-related public policy programmes that contribute to these commitments and their outcomes. The four pillars for reporting on an entity's climate-related public policy programmes are the same as those when reporting on the entity's own operations.

Governance

- IPSASB SRS ED 1 proposes disclosures about the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related public policy programs and their outcomes.
- This includes the role of the governing body and the role of management, which may differ across reporting entities and public policy programs.

Strategy

IPSASB SRS ED 1 proposes disclosures on:

- An entity's strategy and decision-making for climate-related public policy programs, which includes any factors and considerations in policy setting such as consideration of policy trade-offs;
- The anticipated challenges to achieving the intended climate-related public policy program outcomes; and
- The financial implications of the climate-related public policy programs.

Risk Management

- IPSASB SRS ED 1 proposes that an entity disclose its processes and policies to identify, assess, prioritize and manage the challenges to achieving the intended outcomes of a climate-related public policy program.

Metrics and Targets

- IPSASB SRS ED 1 proposes that an entity disclose the change in GHG emissions reasonably attributable to the climate-related public policy program, and any other metrics used to measure and monitor the climate-related public policy program outcomes.

Alternative view for the inclusion of climate-related public policy programme disclosures

An alternative view disagrees with the inclusion of climate-related public policy programme disclosures in the scope of the ED. The main reasons are:

- a) The standard loses focus by combining two purposes, i.e. to disclose climate-related risks and opportunities to an entity's own operations and to disclose outcomes from an entity's climate-related public policy programmes.
- b) The structure, drafting, requirements, definitions, guidance and examples regarding public policy programmes and outcome reporting are confusing when read alongside the IFRS S2 aligned components.

- c) Only a limited amount of information will be disclosed against the new climate-related public policy programme disclosure requirements because the ED focuses only on policies that have a primary objective to achieve climate-related outcomes.
- d) The introduction of the climate-related public policy program definitions and requirements do not co-exist well with existing Paris Agreement disclosure requirements.

Due to these reasons, the alternative view suggests that climate-related public policy programme disclosures should be removed from the scope of this standard. It is proposed that a separate standard or guidance for disclosures on public policy programmes that impact climate change be developed, after revisiting user needs for this specific area of high public interest.

Conceptual Foundations and General Requirements

The ED provides conceptual foundations and general requirements based on the concepts from the IPSASB *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (IPSASB Conceptual Framework) and the requirements from IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. Specific areas of guidance include:

- *General requirements*

The ED proposes general requirements relating to the location of reporting, timing of reporting, comparative information, statement of compliance and judgements, and uncertainties and errors.

- *Fair presentation*

The ED requires a depiction of climate-related risks and opportunities and climate-related public policy programme outcomes that are complete, neutral and free from material error.

- *Connected information*

The ED proposes that disclosure should be connected across the reporting entity's general purpose financial reports to enable users' understanding of these connections. This includes connections to other sustainability-related reports or the entity's general purpose financial statements.

- *Material information*

Entities are required to disclose information that is material to the primary users of general purpose financial reports. The definition of material information in the ED is aligned with that in the IPSASB Conceptual Framework.

Impact of the IPSASB's work on the local environment

The ASB does not have a mandate to develop sustainability reporting standards and thus the ED has no impact on local requirements. As the area of sustainability reporting continues to grow internationally, the ASB considers it important for local stakeholders to provide input to the IPSASB as it continues to develop the IPSASB SRS. The IPSASB SRS ED 1 is exposed

locally as ED 213 to ensure that local stakeholders are informed of and can contribute to the IPSASB's new role in developing sustainability reporting standards.

Due process and timetable

The Board invites comment on the proposals set out in this ED from preparers, users, auditors, standard-setters, sustainability policy-makers and other parties with an interest in public sector sustainability reporting. Upon the closure of the comment period, comment received will be used in formulating a response to the IPSASB.

Available materials

The IPSASB developed an “At-a-Glance” document, a brochure and a recording that outlines the high-level principles and concepts of [ED 1](#) (locally issued as ED 213).

ED 213 can be accessed on the [ASB website](#) along with the other materials for concurrent exposure.

Request for comment

Comment on this ED is invited by **14 February 2025**. The comment period is earlier than the comment date of the international Exposure Draft to enable the Secretariat to review and collate the comment received before submission to the IPSASB.

Respondents should express an overall opinion on whether the Exposure Draft, in general, is supported and supplement this opinion with detailed comment, whether supportive or critical, on the proposals in the Exposure Draft.

Specific matters for comment

The IPSASB invites comment on the Specific Matters for Comment included below.

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.

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?

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.

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?

Specific Matter for Comment 5: 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?

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?

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?

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?

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?

Specific Matter for Comment 10: Other Comments

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