

# IPSASB SRS Exposure Draft 1, Climate-related Disclosures

Exposure Draft issued by the International Public Sector Accounting Standards Board in October 2024

Comments from ACCA and PAFA  
28 February 2025

## About ACCA

ACCA (the Association of Chartered Certified Accountants) is a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over 252,500 members and 526,000 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all. Find out more at: [www.accaglobal.com](http://www.accaglobal.com)

## About PAFA

The Pan African Federation of Accountants (PAFA) is the continental body representing Africa's Professional Accountants. Established in May 2011, PAFA is a non-profit organisation currently with 58 Professional Accountancy Organisations (PAOs) from 47 countries. Our mission is to strengthen the capacity and influence of the Accountancy profession in Africa in order to enhance trade, the quality services and trust in institutions.

PAFA takes a multi-layered approach to engaging with stakeholders at continental, regional and national levels, and we aim to develop the profession and work collaboratively to drive Africa's agenda.

Our mandate is founded on the premise that national Professional Accounting Organisations (PAOs) have the capacity to drive good financial management practices, accountability, transparency, and good governance across public and private entities. We therefore believe that our ability to develop institutional capability will enable the acceleration of economic growth and the reduction of poverty in Africa.

Our vision is to work in the public interest by leading and developing the accountancy profession in Africa and delivering value to our members.

Further information about ACCA and PAFA's comments on the matters can be requested from:

Mark Johnson  
Senior Subject Manager – Public Sector  
ACCA  
mark.johnson@accaglobal.com

Reuben Orwaru  
Manager – Public Value Management  
PAFA  
ReubenO@pafa.org.za

## GENERAL COMMENTS

---

The Association of Chartered Certified Accountants (ACCA) and the Pan African Federation of Accountants (PAFA) welcome the opportunity to comment on the Exposure Draft of IPSASB's first proposed Sustainability Reporting Standard (SRS ED 1) on climate-related disclosures. Our general comments on the Exposure Draft follow below, with ACCA and PAFA's detailed responses to the specific matters for comment set out in the subsequent section.

In preparing this response we also engaged with officials in public sector entities at a virtual roundtable meeting facilitated by the African Association of Accountants General, in February 2025. Insights from this roundtable helpfully illuminated many of the key considerations and challenges identified in this response. However, this response represents the formal views of ACCA and PAFA and not necessarily those of any other organisation.

In recent years ACCA and PAFA have strongly supported the development of sustainability reporting in the public sector and have engaged with IPSASB and the wider public finance community on this crucial topic. As well as responding supportively to IPSASB's initial Consultation Paper on sustainability reporting in 2022, ACCA held two global [roundtables](#) on sustainability reporting in early 2023 to support work on developing IPSASB's initial three sustainability reporting projects. In addition, together with IFAC and the INTOSAI Development Initiative, ACCA published a [report](#) in 2023 on '*Preparing for sustainability reporting and assurance in the public sector*'.

The comments in this submission are made in the context of strong support for IPSASB's work in developing public sector sustainability reporting. The Board and staff have demonstrated clear leadership in this area over the last three years. This is reflected by the significant work involved in reaching a position where an Exposure Draft (ED) can be published. In overall terms, our response welcomes the comprehensive approach proposed in the ED of the Standard and the accompanying guidance. We support the principle (in paragraph 6) that clearly states that entities may apply this standard regardless of the basis on which the financial statements are prepared.

IPSASB are proposing a comprehensive approach to reporting on climate-related risks and opportunities for entities' own operations. However, for reporting on public policy programs, we identify two significant challenges, where we believe further consideration from IPSASB is required before finalising the Standard. Firstly, the question of '*responsibility for outcomes*' will require 'significant judgement', as paragraph BC45 of the ED highlights. Further implementation guidance and illustrative examples to inform this judgement are required. Alternatively, IPSASB could consider re-wording the Standard to require entities with '*responsibility for implementation*' to make the relevant disclosures. This is discussed further in our response to SMC 3.

The second major challenge is the extent to which entities should report on public policy programs with climate-related impacts on the economy, environment and people. The Standard does not explicitly adopt the concept of double materiality; nevertheless, we believe the broader impact of public sector entities on the climate will be of fundamental importance to the primary users of entities' climate-related information. However, the current scope of the ED restricts reporting to climate-related public policy programs only.

While recognising that reporting on every public policy program is neither practical nor desirable, the approach proposed in the ED risks excluding reporting on policy programs that may have significant climate-related impacts. IPSASB should consider revising wording in the Standard to more clearly enable, or indeed require, reporting on a broader range of public policy programs. One approach could be for entities to report on those programs where climate-related risks and opportunities could reasonably be expected to affect the achievement of that program's outcomes. This is also discussed further in our response to SMC 3.

As we highlight in our responses to the specific matters for comment, implementing sustainability reporting across the public sector globally will undoubtedly be challenging. There are issues of capability, capacity and data collection, as well as attributing outcomes to individual organisations, when the policy and organisational landscape is often complex. It is therefore crucial that public sector entities are supported by a comprehensive set of resources from IPSASB to assist implementation.

Finally, ACCA and PAFA share IPSASB's ambition for rapid implementation of sustainability reporting across the public sector globally. Urgent action is needed to address climate change, requiring commitment from all public sector entities, and climate-related disclosures are an integral mechanism for accountability and transparency. However, it is important that the information reported by entities is accurate and authoritative. Inevitably, for some entities which have not yet begun sustainability reporting, it will take time to produce information which can be relied upon by users. Consequently, this response proposes extending the timeline for implementation, to ensure adoption is more achievable for all types of public sector entity.

This response draws on eight key characteristics and qualities of reporting, outlined in ACCA's recent [report](#) '*Principles of Good Corporate Reporting*', published in November 2024. As sustainability-related standard-setting progresses, it is important to ensure that this reporting helps to catalyse the necessary systemic change. The process should drive operational changes in the entities making these disclosures and provide primary users with better quality information, enabling these disclosures to drive more efficient and responsible resource allocation. For this to happen, widespread application of [integrated thinking by entities](#) as well as [integrative thinking by finance professionals](#) is necessary, where [information connections](#) lead to quality decision-making and sustainable value creation.

ACCA and PAFA look forward to the finalised Standard and are ready to work with IPSASB to clarify, discuss or provide further information about our comments in this submission. ACCA and PAFA are also willing to play our part in supporting the finance profession in the public sector to engage with sustainability reporting and drive this important agenda forward.

## RESPONSES TO SPECIFIC MATTERS FOR COMMENT

---

### **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?

#### **ACCA and PAFA response**

ACCA and PAFA support the requirement to provide material climate-related information about both own operations and public policy programs. A consistent theme of our roundtables on public sector sustainability reporting has been that the policy and regulatory role of public sector entities is uniquely different to the private sector and therefore should form a fundamental part of the reporting requirements. ACCA and PAFA also agree with the proposal that reporting on own operations should be applicable to all entities. It is important that the guidance clarifies reporting arrangements and responsibilities for public-private partnerships and other alternative delivery models for public services and public policy programs.

However, we note that the concept of ‘primary users’ introduced in paragraph 1 is not explicitly defined, either in that paragraph or in the definitions outlined in paragraph 7. This is a foundational principle, and we propose that there should be prominent reference in the Standard itself to the definition proposed in paragraphs B.AG28 to B.AG33. This is discussed in more detail in our response to SMC 7.

It would also be beneficial, in either the *Objective* or *Scope* section of the Standard, to include the subsequent headings of Governance, Strategy, Risk and Outcome Management, and Metrics and Targets as an itemised list. At present, these concepts are presented within the Standard without any introduction or preamble. A brief discussion of these themes in the introductory sections would help to place them in context and articulate to primary users, who may not be familiar with related private sector guidance, why these areas have been selected for reporting. Connectivity and coherence in reporting is important in enabling the disclosures to meet primary users’ information needs.

Consideration needs to be given to the level of detail and frequency with which information on governance and strategy is reported on by entities. For some organisations there may be little change from year-to-year in these arrangements.

Repeating the same information each year would add to the length of statements without providing substantive value. However, changes in political leadership (following elections etc.) could bring substantial changes affecting strategic direction and governance approaches, sometimes across the whole public sector. Further guidance from IPSASB on the extent of reporting in this area, given the considerations above, would be welcome.

Lastly, we agree with IPSASB that primary users' information needs will differ, and this is likely to be a particular challenge in the public sector, where the range of users for sustainability information is potentially very broad. The priority for climate-related disclosures, as paragraph B.AG33 states, should be for them '*to meet common information needs of primary users*'. This objective should be emphasised within the Standard, to make it clear to preparers that this must be the focus; thus helping to direct effort and ensure the disclosures remain manageable. IPSASB should provide further guidance to facilitate stakeholder mapping and provide examples of the types of information different users may require.

## **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?

### **ACCA and PAFA response**

The proposal to base requirements on IFRS S1 and S2 is sensible and provides a 'building blocks' approach, starting from a global baseline. Public sector entities will be able to draw on resources and guidance developed for these existing standards. It should enable professionals with expertise built up in the private sector to transfer their knowledge to the public sector, supporting implementation. We also welcome the principle that entities can take into account skills, capabilities and resources for reporting, as well as, for example, the ability to draw on already available models for scenario analysis.

ACCA and PAFA consequently support the proposed approach, including the split between high level principles within the Standard and more detailed guidance in the Appendix. The level of detail required by the Guidance could appear very significant,

at first sight, for entities and individuals unused to sustainability reporting. It is therefore very important that, for each of the four areas of reporting, more comprehensive worked examples are provided by IPSASB, as part of detailed implementation guidance.

While a 'boilerplate' approach to climate-related disclosures is not desirable, entities undertaking reporting for the first time do need to be able to refer to exemplars to gauge the level of information required. As highlighted in response to SMC1 above, those responsible for reporting in the public sector may not be familiar with the 'four pillars' and their application in a public sector context.

Although some public sector entities will already have arrangements in place for measuring their greenhouse gas emissions, for many this will be a new requirement, which may take some time to implement. Some public sector entities may have hundreds of physical sites for example and calculating aggregate emissions is likely to be complex. As such, IPSASB may wish to consider phasing reporting beyond the first-year transitional relief provided for in paragraph 31. This is discussed further in response to SMC 9 below.

It would be sensible to make more explicit reference to the purpose of Appendix A1 in the Standard itself. While the cross-referencing between the draft Standard and Appendix A1 is largely comprehensive, the section on Governance within the Standard (paragraphs 8 and 9) should make reference to the relevant paragraphs AG1.19 and AG1.20 in Appendix A1.

### **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?

#### **ACCA and PAFA response**

As outlined above, ACCA and PAFA welcome the inclusion of public policy programs within the required disclosures. However, as the ED acknowledges, the responsible entity required to provide disclosures about climate-related public policy programs may not always be immediately obvious in some circumstances. In particular, for climate-related public policy programs, the entity with responsibility for implementing the program may be different from the entity which is responsible for formulating and overseeing the policy program. In practice, there is likely to be a continuum of approaches, from design and delivery of the policy concentrated in a single entity to a highly devolved system. In such cases, overarching policy may be determined by



central government but with a high degree of autonomy for individual entities with responsibility for implementing the delivery of the policy program.

Paragraph 3(c) currently states that entities shall apply the Standard in reporting '*[w]here an entity has responsibility for **the outcomes of a climate-related public policy program, the outcomes of that climate-related policy program***'. The logical interpretation of this requirement is that in circumstances where a particular government department sets the policy program and ultimately has responsibility for achieving specified outcomes, it should only be this entity that discloses material information about its outcomes. This would appear to be the case even if responsibility for implementing and delivering the policy is undertaken by other government departments, sub-national governments or agencies.

An alternative approach could be to require the entity which is responsible for implementing the policy program to report on the outcomes. Indeed, in the Application Guidance in Appendix A2, implementation is a key focus of the governance section (see paragraphs AG2.17 and AG2.21). Similarly, in the Implementation Guidance, in determining whether an entity has responsibility for outcomes, the attributes referenced in many cases relate to responsibility for implementation. For example, paragraph IG3 refers to '*whether the entity has responsibility for decision-making in designing and developing the public policy program or making changes to the program post-implementation*'. Likewise, paragraph IG4 refers to '*responsibility for designing and implementing climate-related public policy programs*'.

We believe that an approach which requires reporting by entities with responsibility for *implementation* will be more effective in providing useful information on the four pillars outlined in the Standard. If this approach is IPSASB's intention, the wording in paragraph 3(c) of Standard could be amended to: '*Where an entity has responsibility for **implementing a climate-related public policy program, the outcomes of that climate-related public policy program***'. Amending the wording in this way would be consistent with the approach implicit throughout the Standard and accompanying Application Guidance. This approach is also likely to provide more useful information to primary users compared to a high-level approach which solely focuses on responsibility for outcomes, resulting in aggregated information that may not meet users' needs.

The second and broader challenge in reporting on public policy programs is the scope of programs which should be subject to climate-related disclosures, as highlighted in our introduction to this consultation response. There is clearly a balance to be struck between the practicality and the comprehensiveness of any approach. However, there is a risk that IPSASB's proposed reporting framework could be significantly undermined if material information about climate-related outcomes of policies, which are not judged to have a primary objective to achieve such outcomes, is not included within disclosures.

We note that in the Basis for Conclusions, paragraph BC17 states that the Application Guidance in Appendix A2 allows that '*entities may provide disclosures...about other policy programs that do not have a primary objective to achieve climate-related outcomes if that information would meet its primary users' information needs*'. Paragraph BC17 continues '*[w]here an entity determines information...is material in the context of climate... the entity is not precluded from providing such disclosures*'. However, we were not able to find this principle clearly articulated in Appendix A2 itself. As such, if IPSASB is to proceed with the currently proposed approach, the extent to which entities can and should provide disclosures for policy programs, which do not have climate-related outcomes as their primary objective, needs to be made clearer.

Alternatively, IPSASB could consider an approach which requires entities to report on all public policy programs where there is material information on the climate-related risks and opportunities that could reasonably be expected to affect the outcome of the program. This would remove the requirement to judge whether a policy program has climate-related outcomes as its *primary* objective. ACCA and PAFSA believe that the 'primary objective' requirement is open to misinterpretation or misapplication, despite the examples provided in paragraph AG2.5.

Public policy programs implemented by public sector entities can often have a range of intentions and objectives, which are not necessarily explicitly ranked or prioritised, or in some cases even clearly articulated. Indeed, some programs can reflect compromises, for example between different departments within central government. Whereas one part of government may see a policy program as achieving climate-related outcomes as its primary objective, another department could view the same policy program's primary objective as job creation, for example.

An approach where entities disclose material information on the climate-related risks and opportunities that could reasonably be expected to affect the achievement of public policy programs' outcomes would address situations, such as those outlined above, where a public policy program's primary objective is not clear-cut. Furthermore, it would avoid the need for assurance providers to assess an entity's judgment that a public policy program's primary objective is or is not climate-related, which could require significant evidence and work.

This approach would involve re-wording paragraphs 2(b) and 3(c) of the Standard, along with consequential amendments elsewhere. The focus on risks and opportunities would mirror the approach taken to 'own operations' in paragraph 2(a). Similarly, it would be sensible to retain the same approach to determining material information as set out in Appendix B.AG, which appears to offer sufficient flexibility to public sector entities. As outlined in response to SMC 2, it would be preferable for the entity with responsibility for *implementing* the policy to report on its climate-related risks and opportunities. If it is considered that this reporting approach would

be too challenging to deliver from the outset, it could be introduced in a phased way, according to a rationale determined by IPSASB, in consultation with preparers.

**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?

**ACCA and PAFA response**

Our response to SMC 3 above sets out ACCA and PAFA's view on an alternative to '*climate-related public policy programs*'. If IPSASB intends to maintain the definition of climate-related public policy programs as those with a primary objective to achieve climate-related outcomes, it may be more appropriate to describe them as '*climate-focused public policy programs*' in the Standard and accompanying guidance.

Otherwise, the definitions in paragraph 7 of the draft Standard are clear and comprehensive. The only term which may require amendment or further clarification is '*long-term fiscal sustainability*'. We note the term can be used differently across the world. In some contexts, it is used to refer to public finances generally; however, in others, it is used more narrowly, to apply to the ability to raise tax and other revenues. For many public sector entities, the power to raise revenues through taxation is not available to them. Furthermore, the term fiscal tends to be related to national or central government as a whole, rather than individual entities in the public sector.

IPSASB's definition of '*long-term fiscal sustainability*' encompasses 'service delivery', as well as financial commitments, which is wider than the usual definition of 'fiscal'. As such, an alternative description could be '*long-term financial and operational sustainability*'. This may be more appropriate at the level of an individual public sector entity. The use of 'financial' instead of 'fiscal' would apply a term that is more widely applicable and make clear that it applies to entities funded or financed in differing ways, without altering the meaning, we believe, implied in the Standard and accompanying guidance. In addition, by including 'operational' in the term, it would link to the 'operational model' and 'own operations' terms used in the standard.

**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?

**ACCA and PAFA response**

ACCA and PAFA agree that the proposed disclosure requirements relating to strategy for entities’ climate-related public policy programs should meet primary users’ information needs. We recognise that the current and anticipated financial implications of such programs are important matters to report on, but believe the language in paragraph 12(c) requires clarification. Paragraphs AG2.29 to AG2.31 imply that the entity should report on the overall costs (and income) related to implementing the policy ‘across-the-board’. As such, the inclusion of the phrase ‘*to the entity itself*’ in paragraph 12(c) of the Standard and repeated several times in paragraphs AG2.29 to AG2.31 of the Guidance risks confusion. It could be taken to mean that the entity should report on the cost implications insofar as they apply only to the entity’s own operations themselves, rather than the overall financial implications of the policy.

**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?

**ACCA and PAFA response**

The proposed disclosures on metrics and targets would appear to meet primary users’ information needs. ACCA and PAFA note that reporting on Scope 3 emissions will present the most difficulties for public sector entities given the complexities surrounding this issue, as highlighted in paragraph BC64. In particular, the concept of a value chain may not necessarily be widely understood throughout the public sector, where entities deliver services rather than products. As such, in our response

to SMC 9 below, we suggest a longer timeline for implementation of the requirements for metrics and targets, where necessary.

## **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?

### **ACCA and PAFA response**

ACCA and PAFA support the definition of primary users, which is consistent with the definition provided in Paragraphs 2.3 to 2.6 of IPSASB's *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*. As noted in response to SMC 1, given the concept of 'primary users' is introduced in paragraph 1 of the Standard, it should be explicitly defined at a much earlier stage in the documentation, either in that paragraph or in the definitions outlined in paragraph 7 of the Standard.

Previous roundtables facilitated by ACCA on sustainability reporting suggest that the primary users are likely to be the same as those of the financial statements, albeit with a potentially broader audience. Consequently, it is important that, as far as possible, climate-related disclosures should be presented and communicated in a clear and easily understandable format, recognising their potentially broad audience. We acknowledge that the information in climate-related disclosures can sometimes be complex, but the times when '*primary users may need the aid of an adviser to understand climate-related information*', as referenced in paragraph B.AG32 (and IG11), should be exceptional.

We support the definition of materiality proposed in the conceptual foundations. However, noting that '*material information*' is first referenced in the second paragraph of the Standard, and because of its fundamental importance, a clearer link from the Standard should be made to its definition in Appendix B or even included within the definitions in paragraph 7 of the Standard. Elsewhere, we recommend that the multiple references to 'materiality' be consolidated, given it is defined in paragraphs B1, B9 and again in B.AG29, albeit the latter paragraph excludes the

words ‘*reasonably expected to*’. If the definition is to be repeated, it should be consistent.

We also note that in the Illustrative Examples section paragraphs IE40 to IE43 there is reference to ‘*material outcomes*’, a phrase not used elsewhere in the ED. Given the focus of the Standard is on the disclosure of material *information* about climate-related risks and opportunities, this creates potential for confusion. We believe paragraphs IE40, IE41 and IE42 should refer solely to ‘**outcomes related to the policy program**’ rather than ‘*material outcomes*’. Similarly, it would be clearer to reword paragraph IE43 to state ‘...*as it is expected to be a **reasonably attributable outcome of the public policy program, the entity should disclose material information about this outcome***’.

Likewise, in paragraph B.AG41, the first sentence could be reworded, given its length, to make clear that it refers to information about a single climate-related risk or opportunity (CRROs) and information about similar CRROs. We suggest:

*‘Information about a single climate-related risk or opportunity or, where applicable, climate-related public policy programs outcomes, may not be material on an individual basis. **However, information about similar climate-related risks or opportunities or, where applicable, climate-related public policy program outcomes may be material when taken in aggregate. For example, ...***’

The use of cross-referencing is helpful, however, there is potential for Appendix B to be more fully cross-referenced to enable the additional guidance in Appendix B.AG, to better support users. For example, in paragraphs B.AG60 and B.AG61 in the Guidance, there is a reference to the relevant paragraphs (B16-21), but these paragraphs in Appendix B do not themselves refer to Appendix B.AG.

## **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?

**ACCA and PAFA response**

The disclosure requirements proposed are appropriate and offer a sufficient degree of flexibility for entities to integrate disclosures into existing approaches for general purpose financial reports. Likewise, ACCA and PAFA support the proposal to require entities to produce disclosures which align with the reporting period covered by the financial statements.

**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?

**ACCA and PAFA response**

ACCA and PAFA support the ambition of IPSASB, as set out in paragraph BC89, for transition at pace, while recognising the significant challenges in implementation, as the paragraph also highlights. Our engagement with the public sector on this issue has demonstrated differing levels of awareness of, and preparedness for, sustainability reporting. Although implementing sustainability reporting should not be as challenging as transitioning to accruals reporting, there are likely to be considerable similarities between the two processes.

As such, it is important that IPSASB applies the lessons learned from accruals implementation. In particular, by providing as much accompanying support as possible, through implementation guidance, worked examples and similar resources, IPSASB can help to create the conditions for successful adoption of sustainability reporting. Laying the groundwork by clearly identifying the steps entities need to take to implement sustainability reporting, will facilitate a smoother and more rapid transition.

Our engagement with public sector entities suggests that the determining factor in the ability to implement climate-related reporting will be the availability of data. Where entities are reliant on other bodies for information, this information may be more difficult to obtain. In addition, clarity over the attribution of emissions to different entities is essential. This response has emphasised the principle of responsibility for

implementation of public policy programs with climate-related outcomes, as the basis for reporting.

As highlighted in response to SMC 6, it may be necessary to proceed at a slightly slower pace than allowed for in the Standard in requiring reporting on GHG emissions, including the one-year relief period currently proposed for those related to Scope 3. This would provide entities with more time to obtain high-quality information about emissions throughout their value chain, which in many instances could be relatively complex.

Extending the transition period between initial and full adoption beyond one year could allow entities to begin sustainability reporting at an earlier stage. It would allow those bodies which require more time to enable them to provide quantitative disclosures on GHG emissions to at least begin making qualitative disclosures earlier than otherwise might be the case, if they were only given one year between initial and full adoption.

## **SPECIFIC MATTER FOR COMMENT 10: OTHER COMMENTS**

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

### **ACCA and PAFA response**

In addition to the comments in this response on providing comprehensive implementation guidance and worked examples, IPSASB should aim to make the Standard and accompanying appendices as straightforward as possible to navigate. As it stands, despite the Standard itself being relatively short, the overall ED can be slightly confusing to use when between moving between sections, in part, perhaps, because of the naming conventions and abbreviations.

The additional information contained in the appendices should be structured clearly and systematically linked, including the use of hyperlinks in the final version to enable preparers to refer directly to the relevant appendix and vice versa. This response has made some specific suggestions where linkages could be improved and where language could be made clearer.