

SUSTAINABILITY REPORTING STANDARDS: IPSASB SRS ED 1, *CLIMATE- RELATED DISCLOSURES*

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About the IPSASB

- The only international standard setter focusing on the public sector
- IPSASB literature/guidance includes:
 - 39 Accrual-based International Public Sector Accounting Standards (IPSAS)
 - 3 Recommended Practice Guidelines (RPG)
 - 1 SRS ED, *Climate-related Disclosures*
- Guidance developed via inclusive, open and transparent due process with independent oversight under Public Interest Committee (PIC)
- Independent, diverse 18-member Board
- Funded by IFAC, ADB, World Bank and sovereign governments



IPSASB Sustainability Reporting Background



Public Sector Needs Sustainability Reporting

- Progress has been made on **corporate** climate reporting, but a significant gap remains for **sovereign entities**
- The capital-raising activities are not presently considered in existing public sector climate frameworks needs
- Finance is an enabler to addressing sustainability, public finances are under pressure now more than ever

Proposals

- The IPSASB should lead the development of standards for the public sector;
- Because of the urgency of addressing climate, it should be the first topic addressed; and
- International public sector guidance is needed, and the IPSASB should move with haste.

Unique Role of Public Sector in Climate Action



Overview of SRS ED 1 Proposals

Own Operations



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

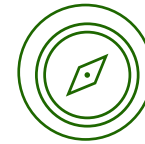


Includes all public sector activities such as policy design, implementation, and service delivery



Aligned with disclosure requirements of the **IFRS S2**

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**



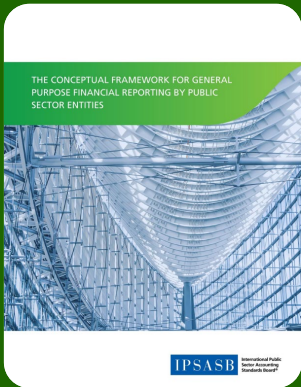
Only required for entities **responsible** for the outcomes of a climate-related public policy program

Materiality - 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

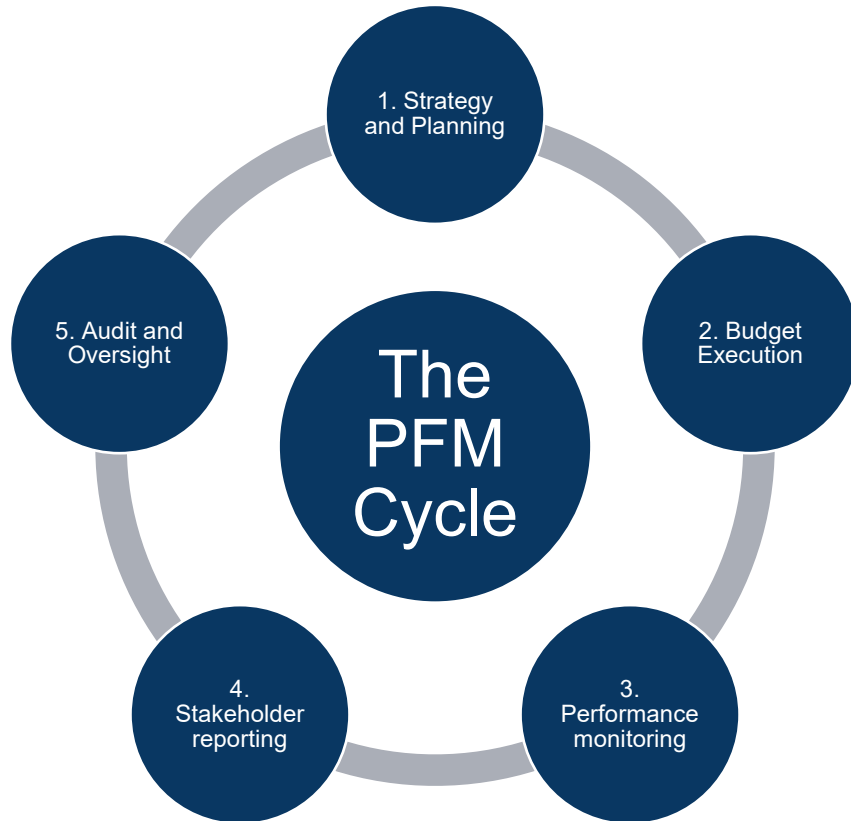
Between, within, and across disclosures

Proposed Transitional Provisions

In the first annual reporting period:

-  Not required to disclose comparative information *Aligned with the private sector*
-  Report climate-related disclosures after financial statements *Aligned with the private sector*
-  Not required to disclose Scope 3 greenhouse gas emissions *Aligned with the private sector*
-  Not required to disclose change in greenhouse gas emissions from existing climate-related public policy programs

IPSASB SRS 1 Reporting Value



Strategy & Planning

- Informed allocation of public investment increases organizational resilience (e.g., climate scenario analysis informs improved entity **decision-making**)

Budget Execution / Performance Management

- Information on climate risks and opportunities facilitates more **effective management** of scarce resources (e.g., understanding climate risks and opportunities informs treasury management)

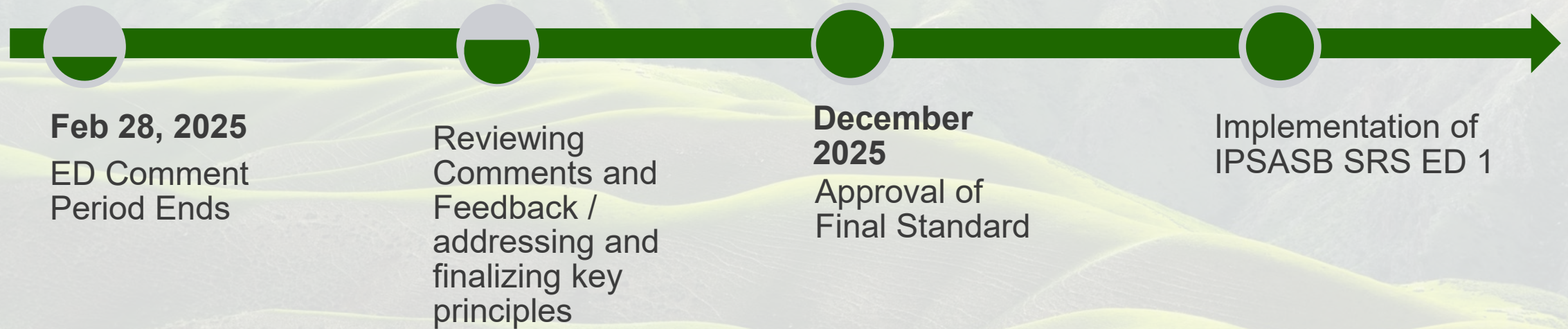
Stakeholder Reporting

- Civil Society Organizations engage with GPFRs/SR to hold a Ministry **accountable** for the outcomes of climate-related public policy programs (e.g., low take-up of a home insulation initiative to reduce GHG from the housing stock).

Audit and Oversight

- Internal Audit—Public sector internal audit can utilize climate risks and opportunities to improve the **efficiency and effectiveness** of financial processes.
- Assurance over IPSAS SRS climate disclosures increases **public trust** (e.g., assurance that climate-related information is faithfully and reliably disclosed).

Current Planned Next Steps



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