

March 21, 2025

International Public Sector Accounting Standards Board (IPSASB)
277 Wellington Street West
Toronto, ON M5V 3H2 Canada

Re: Response to the IPSASB's Sustainability Reporting Standard TM Exposure Draft 1, *Climate-related Disclosures*

Thank you for the opportunity to provide input on IPSASB's Sustainability Reporting Standard (SRS) Exposure Draft 1, *Climate-related Disclosures (ED)*. We commend the IPSASB on taking the lead in developing the first public sector specific Climate-related Disclosures standard as the importance of sustainability reporting continues to grow world-wide.

In Canada, the Canadian Sustainability Standards Board (CSSB) has been operational since April 2023 and the inaugural sustainability disclosure standards for-profit entities, with a focus on publicly accountable enterprises operating within global capital markets, were released in December 2024.

PSAB acknowledges the critical importance of sustainability reporting and is committed to supporting forward-looking accounting and reporting initiatives in this area. PSAB recognizes the value of collaborating with other standard-setters to ensure Canadian perspectives are represented in the development of sustainability standards specific to the public sector.

Our response reflects feedback gathered through extensive consultations, including:

- two public roundtables featuring diverse interested and affected parties;
- discussions with PSAB's [Public Sector Accounting Discussion Group](#);
- a roundtable discussion with PSAB's [Indigenous Advisory Group](#); and
- discussions with PSAB's [Technical Advisory Group](#).

Where appropriate, we have highlighted and summarized specific views received from Canadians throughout our response.

While we agree with many technical aspects presented in the ED, we have identified some concerns raised by interested and affected parties in Canada that may warrant further attention.

Indigenous Perspectives and Ongoing Engagement

As PSAB has a commitment to reconciliation with Indigenous Peoples, in the response to the IPSASB CP, we strongly encouraged the IPSASB to consult with and consider the perspectives of Indigenous Governments, Organizations, and Communities in the development of Sustainability Reporting Standards. We recognize that the IPSASB staff was proactive in wanting to present to PSAB's [Indigenous Advisory Group \(the "IAG"\)](#), to obtain a better understanding of Indigenous insights, issues, and perspectives related to the ED proposals.

However, the IAG does not represent the broader perspectives of all Indigenous Peoples across Canada. Therefore, we strongly recommend that the IPSASB maintain and expand its engagement with Indigenous communities, both domestically and internationally, to ensure a deeper understanding of the various concerns relevant to the ED and the wider Indigenous communities.

And while IAG members supported the IPSASB's development of sustainability standards for the public sector, they noted that aligning with IFRS Sustainability Standards – designed for enterprise value and oriented toward public markets – may not address the unique needs of Indigenous Governments, Organizations, and Communities.

Some IAG members also suggested that the IPSASB needs to further engage with other Indigenous Peoples to explain the possible benefits of public-sector sustainability reporting standards for Indigenous Governments, Organizations, and Communities, helping to justify the costs of providing such information. At this point, the overall sentiment is that the discussion on sustainability reporting standards has not yet progressed substantively enough to provide a conclusive answer.

Finally, we acknowledge that the IPSASB have recognized the importance of Indigenous perspectives and added the United Nation Declaration of Rights of Indigenous Peoples (UNDRIP) in the *Appendix B.AG: Application Guidance – General Requirements for Climate-related Disclosures*. This addition positions UNDRIP as another authoritative intergovernmental instrument that sets expectations for responsible conduct when understanding the broader climate context. Some of the IAG members who attended the IPSASB presentation suggested that the proposals need additional tailoring to address and be inclusive of the specific needs of Indigenous Governments, Organizations, and Communities. For example, the definition 'public policy programs' may not resonate with preparers, even though in essence, they could be familiar with the concept. To be inclusive, the proposed sustainability standard should more effectively consider and reflect the unique operating contexts, environmental risks, and business circumstances of Indigenous Governments, Organizations, and Communities.

The need for Public Sector Sustainability Standards

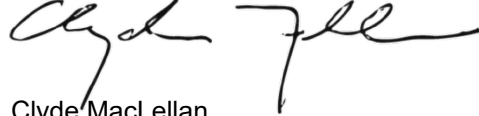
We recognize the urgent need for a climate-related reporting standard and supported the IPSASB leadership in this initiative when we responded to the Consultation Paper (CP), *Advancing Public Sector Sustainability Reporting*, published in May 2021. We agree that the policy and regulatory role of public sector entities – particularly their power to set public policy programs - is a key characteristic of the public

sector that requires disclosures and is not addressed in the existing IFRS Sustainability Standards. However, some concerns were expressed by interested and affected parties in Canada regarding the scope of the standard, which specifically address public policy programs with a primary objective to achieve climate-related outcomes. To address these concerns, we offer some suggestions that are outlined in our responses to the Specific Matters for Comments (SMCs) 3 and 4.

Closing Remarks

Again, we would like to commend the IPSASB for taking the lead in developing sustainability standards for the public sector and developing the inaugural IPSASB SRS. We are optimistic about the IPSASB's continued efforts and look forward to collaborating on future initiatives. We hope that our feedback proves valuable in shaping the development of this vital standard.

Kind regards,



Clyde MacLellan

Chair, Public Sector Accounting Board (cmaclellan@psabcanada.ca)

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?

The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.

Response

We support the proposed approach requiring public sector entities to disclose information about climate-related risks and opportunities affecting their own operations. This requirement allows public sector entities to better manage and plan for the financial and operational impacts of climate change while providing useful information to the primary users.

This approach addresses the increasing demands of resource providers who rely on general-purpose financial reports for accountability and informed decision-making, particularly sovereign bondholders, and investment managers. Disclosing climate related risks and opportunities that are expected to affect an entity's own operations enable these resource providers to more accurately evaluate the risk profile associated with their investments in the public sector.

Other general purpose financial report users such as policy makers and regulators, would also benefit from the disclosures of climate related risks and opportunities, enabling them to monitor progress against the latest international agreement on climate change and use this information when making decisions that are relevant to developing and implementing policies to address climate change.

We also agree that reporting on the outcomes of climate-related public policy programs for which public sector entities are responsible is important. Certain public sector entities, such as federal governments, have a unique ability to influence behaviors and decisions through their sovereign powers. Reporting on public policy program outcomes ensures that entities are held accountable for achieving intended climate-related objectives and include information about the impacts on the economy, environment, and/or people. However, we would like to highlight that some participants expressed concerns during our roundtable discussions, noting that disclosing policy programs is uncommon in other areas due to their political nature. While there was strong support for disclosures related to climate risks and opportunities affecting an entity's own operations, some participants felt that public policy disclosures might be too broad in scope.

Participants highlighted the need for greater clarity in defining the boundaries of public sector reporting entities and the depth of the public policy programs required disclosures, particularly at the federal level. They also noted that under certain circumstances, it may be challenging to determine or predict the outcomes of specific public policies.

Consequently, while PSAB acknowledges that the IPSASB ED scope is limited to climate-related policy programs and their outcomes, careful consideration must be given to address concerns about scope, boundaries, and feasibility to ensure the standard achieves its objective.

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), 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?

Response

The International Sustainability Standards Board (ISSB) developed IFRS S1 and IFRS S2 to establish a global baseline of sustainability-related disclosures. We support IPSASB's approach to use them as a foundation to build sustainability standards for the public sector. This will also allow for interoperability as noted in paragraph BC9(b).

We would like to emphasize that most of the Canadian interested and affected parties that participated at our roundtables were also supportive of the alignment with private sector guidance as they agreed with IPSASB's proposed approach. Some participants who disagreed, expressed a preference for the Global Reporting Initiative (GRI) framework, as in their view the general topics and materiality represent a better approach.

We also agree that entities should use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), unless mandated by a jurisdictional authority. However, we do not support allowing public sector entities to adopt alternative methods for measuring greenhouse gas emissions outside of the GHG Protocol Corporate Standards, unless required by specific jurisdictional laws or regulations.

Our view is based on the concern that determining the appropriateness of alternative measurement methods can be highly subjective. Allowing such flexibility in measurement methodologies could undermine the consistency, comparability, and overall usefulness of climate-related disclosures. It could

also reduce the ability of interested and affected parties to fully understand how public sector entities measure and report their contributions to address climate change.

In Canada, major municipalities are taking a leadership role in climate-related disclosures, setting a strong example for the sector. Cities like Toronto, Vancouver, Edmonton, and Montreal are at the forefront, adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) – the foundation for the four core content areas of the IFRS Sustainability Disclosure Standards. By preparing reports using the TCFD framework, these cities are enhancing their ability to understand and communicate the risks and opportunities associated with climate change. The City of Toronto, in its [2022 Sector – Based Emission Inventory \(SBEI\)](#), which tracks Toronto’s progress towards its GHG emissions reduction targets and identifies direct and indirect greenhouse gas emissions from three key sectors: buildings, transportation and waste, followed the [Greenhouse Gas Protocol](#) for its sector-based emissions inventory. The City of Vancouver, in its [2023 Inventory of Community and Government Operations Greenhouse Gas Emissions](#), utilized the *US Community Protocol for Accounting and Reporting Greenhouse Gas Emissions* and the *Local Government Operations Protocol for Accounting and Reporting Greenhouse Gas Emissions*. The City of Edmonton released its [2023-2026 Carbon Budget](#) where it mentions four GHG quantification tools that were used in its quantitative assessment (*Integrated Carbon Accounting & Budget Model; Corporate Climate Management Model; Natural Asset Sequestration Model; and Edmonton Regional Travel Model*). Finally, the City of Montreal reports on an annual basis to the CDP (formerly Carbon Disclosure Project) on GHG emissions and the city’s mitigation and adaptation plan¹.

The examples above illustrate the proactive efforts of Canadian municipalities in using different frameworks to measure and report GHG emissions. However, inconsistent disclosure approaches may not meet the information needs of primary users. Allowing the use of alternative methodologies not only diminishes comparability but also creates significant challenges in managing performance and tracking progress over time.

PSAB acknowledges that the GHG Protocol standards were not originally designed for public sector entities with regulatory and policy roles. However, the fact that the GHG Protocol Standard used by the City of Toronto was specifically tailored for cities, indicates that there is opportunity for the IPSASB to collaborate with the GHG Protocol to expand the existing framework to include other public sector entities and climate-related policy programs.

Allowing alternative greenhouse gas measurement methods would conflict with the ISSB’s objective to create a global baseline of sustainability disclosures, which serves as the foundation of IFRS S1 and S2. This difference from private sector standards could also undermine IPSASB’s objective of helping public

¹ CPA Canada. [“Why cities are adopting the TCFD recommendations”](#). April 2020.

sector entities maintain access to capital markets, as GHG emissions information from public and private sectors would no longer be comparable.

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.

Response

We agree with the proposed approach and the scope of public policy programs as the required disclosures about policy programs address the unique role of public sector entities.

Combining the guidance on climate-related risks and opportunities to an entity's own operation and climate-related public policy programs and their outcomes as one stand-alone standard would provide alignment between the public and private sector. This approach would enhance comparability and meet primary users' needs while providing information related to the public sector entities' role in climate-related public policy programs and their outcomes.

However, we have concerns that the scope of climate-related public policy programs may be too narrow, as it is limited to programs whose primary objective is to achieve climate related outcomes. In the public sector, many programs may not have climate related outcomes as their primary objective but still have broader implications to the economy, environment and people that may be relevant to the primary users of general-purpose financial reports. For instance, a transportation infrastructure development program may have "improve transportation efficiency, reduce congestion, or enhance economic development" as its primary objective, but it can also have significant climate implications. If such a program focuses on building more efficient public transit systems or promoting electric vehicle infrastructure, it indirectly contributes to reducing greenhouse gas emissions. Under the current proposals in the IPSAS SRS 1 ED, disclosures related to this type of public policy program and its outcomes are not required because it does not have a primary objective of achieving climate-related outcomes.

To address the concerns about the scope of climate-related public policy programs, we suggest revising the definition, as outlined in our response to SMC 4.

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?

Response

The proposed definitions are unique to the public sector and different than other definitions in the ED, as they do not draw from IFRS S1, IFRS S2 nor GRI. We agree with the proposed definition of public policy programs. However, we have some suggestions regarding the definition of public policy program outcomes and climate-related public policy programs to share.

To begin, we acknowledge the rationale provided in paragraphs BC37 – BC44 on how the IPSASB addressed impacts through climate-related public policy program outcomes. We found the explanation to be very helpful in avoiding confusion between preparers when applying IPSAS SRS 1. Furthermore, it is helpful that the existing concepts of “outcomes” and “outputs” from RPG 3 were leveraged in developing the definition of “public policy program outcomes”. Additionally, the inclusion of the terminology “economy, environment and/or people,” drawn from the GRI definition of “impact,” helps broaden the definition of “outcomes” from RPG 3.

However, in our opinion, the proposed public policy program disclosures do not address the negative impacts of public sector entities’ regulatory and policy role on climate change. To address this concern, we recommend the IPSASB consider incorporating the following elements from the GRI definition of “impact” in the definition of “public policy program outcomes”:

- a. nature (actual vs. potential and negative vs. positive);
- b. time horizon (short-term vs long-term);
- c. intentionality (intended vs. unintended); and
- d. reversibility (reversible vs. irreversible).

Below is the updated definition that incorporates the elements mentioned above:

Public policy program outcomes are the impacts on the economy, environment, and/or people, which occur as a result of, or are reasonably attributable to, the public policy programs. The impacts can be actual or potential, negative, or positive, short-term, or long-term, intended, or unintended, and reversible or irreversible.

By updating the definition as proposed, the IPSASB can enhance clarity regarding public policy programs and provide a broader understanding of the nature, time, and extent of the impacts on the economy, environment, and/or people.

As explained in SMC 3, we are concerned that the scope of climate-related public policy programs is too narrow, as it excludes programs with climate implications, which may not have climate-related outcomes as their primary objective but still impact the economy, environment, and/or people. To address this issue, we suggest that the IPSASB revise the definition of climate-related public policy programs as follows:

Climate-related public policy programs are include public policy programs with a primary objective to achieve climate-related outcomes, as well as those that have material economic, environmental, or social impacts related to climate, even if climate-related outcomes are not their primary focus.

With this proposed definition update, the IPSASB will broaden the scope to include public policy programs with significant climate implications, even if those implications are not the primary objective of the programs.

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?

Response

We agree that the proposed disclosure requirements for an entity's strategy for climate-related public policy programs generally meet the information needs of primary users. However, we suggest some additional clarifications on the proposed requirements to ensure they are better understood by interested and affected parties:

- AG2.24(c) (i) could benefit from additional guidance on the processes for identifying and evaluating outcomes. For example, providing examples of how outcomes could be evaluated, and which methods could be used to engage with interested and affected parties would help preparers to better understand these requirements.
- AG2.24(c) (iii) requires the expected time horizon for the intended outcomes. To ensure consistent application and avoid diversity in practice, the IPSASB could clarify whether entities

should define the time horizon individually for each intended outcome or establish one overarching time horizon and categorize each intended outcome within that time horizon.

- Paragraph 12 (b) requires entities to disclose anticipated challenges impeding achievement of climate-related policy outcomes, while 12(c) requires disclosures about the financial implications of climate-related public policy programs. Given that failure to achieve the intended outcomes may have financial consequences, we suggest expanding AG2.26-28 to include consideration of the financial implications related to the anticipated challenges (e.g., sensitivity analyses showing how financial implications shift if the intended outcomes are not achieved).

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?

Response

We support public sector entities using the GHG Protocol Corporate Standard to measure their greenhouse gas (GHG) emissions when reporting on climate-related public policy programs. This is aligned with our view of how public sector entities should measure GHG emissions for climate-related risks and opportunities to their own operations (see SMC 2). For public sector entities that are required in their jurisdiction to use an alternative GHG measurement method to the GHG Protocol Corporate Standard, we also agree that they should be allowed to use that alternative method to prevent any duplication in reporting. However, in our opinion, this is the only circumstance where other metrics to measure and monitor performance in relation to climate-related public policy programs should be permitted.

As discussed in our response to SMC 2, using alternative metrics to measure GHG emissions could result in inconsistent reporting, reducing (1) comparability across the public and private sector and (2) the usefulness of the information being disclosed for the primary users. The use of alternative metrics also conflicts with the original purpose of the IPSASB's proposed standard to help governments provide consistent, comparable, and verifiable information.

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?

Response

We agree with the proposed definition of materiality in alignment with the IPSASB Conceptual Framework. In our opinion, it meets the needs of the Canadian public sector, as it is similar to the definition of materiality outlined in PSAB's Conceptual Framework. We also agree with IPSASB's view in paragraph BC98.(b) that the principles of decision-making and accountability are equally important for climate-related reporting and financial reporting in the public sector.

In our opinion, as the primary users include not only resource providers (e.g., investors) but also service recipients (e.g., citizens, taxpayers), simply using the approach used in financial statements, which aligns with the IFRS Sustainability Disclosure Standards, may not fully address the accountability needs in the public sector when it comes to public policy programs. The broader range of public sector users requires a definition of materiality that provides information for decision-making and accountability purposes while being connected to the approach used in the financial statements.

Since applying the existing concept of materiality, as defined in the IPSASB Conceptual Framework, to climate-related disclosures is new for preparers, we recommend that the IPSASB provide specific guidance materials and resources on this topic. This would help entities to understand the requirements and apply the materiality concept consistently, ensuring they are well-equipped to implement IPSAS SRS 1.

It is also important for us to share with you what was said during our roundtables. Most of the Canadian interested and affected parties who participated in our roundtables expressed support for the proposed definition of materiality for climate-related disclosures. However, some disagreed and raised concerns that the definition, based on the IPSASB Conceptual Framework, is too narrowly focused on service recipients and resource providers as the primary users of such disclosures. From their perspective, climate change encompasses broader considerations, including the preservation of the planet's ability to sustain life. They argue that the definition should address environmental factors, such as biodiversity risks, that are vulnerable to the impacts of climate change. Some other participants who disagreed with the materiality approach suggested that an exemption should be provided for smaller municipalities as their materiality tends to be very low and the burden of disclosures is high.

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.

Response

We agree that a public sector entity's climate-related disclosures should be part of the general-purpose financial reports and that they be released at the same time as the related financial statements. It is important that climate-related information and financial statements are provided at the same time to allow service recipients and resource providers to obtain a more complete set of the information they need for accountability and decision-making purposes. Aligned reporting enables public sector entities to provide a holistic view of the long – term fiscal sustainability of the services and/or programs they deliver.

However, there are some concerns regarding the implementation of the proposed disclosure requirements. These requirements could impose significant costs and administrative burdens on some public sector entities, particularly smaller ones. Many of these smaller organizations may struggle to comply due to limited resources and/or expertise. Also, the time needed to collect and aggregate climate-related disclosures data may affect their ability to provide timely and accurate information.

Recognizing the important role that small public sector entities play within the global value chain, a potential alternative could involve tiered disclosure requirements based on the size and capacity of the public sector organizations. Larger entities, which typically have more complex transactions, could be held to higher standards of disclosures, with more extensive requirements. Meanwhile, smaller organizations might benefit from simplified reporting requirements that focus on key areas while maintaining a certain level of transparency and managing their resource constraints.

To address the concerns regarding the limited expertise of public sector entities in providing climate - related disclosures, we recommend that the IPSASB commit to supporting the implementation of IPSAS SRS 1 through capacity building initiatives such as webinars, podcasts, and plain language documents. These efforts would facilitate the effective adoption and implementation of the standard, ensuring that public sector entities are equipped to meet the reporting requirements, so that interested and affected parties can access their benefits.

As part of the consultations with Canadian interested and affected parties, concerns were raised related to the general requirements. These concerns are mostly due to resource constraints and potential reporting delays, which could also negatively impact the adoption of IPSAS SRS 1 as the perceived additional burden on preparers could lead to resistance on the implementation. The additional workload

associated with preparing these disclosures may stretch resources even further within these organizations, potentially compromising the quality and timeliness of both financial and climate-related reporting. The process of collecting, verifying, reporting, and auditing financial and climate-related data is often complex and time-intensive, creating operational challenges. To address these challenges, interested and affected parties suggested that reporting of climate-related information, without a mandatory deadline tied to the release of financial statements, may be a more practical and cost-effective solution.

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?

Response

We support the temporary relief introduced by the IPSASB for the initial annual reporting period in which an entity adopts the IPSAS SRS 1 requirements. In our opinion, the relief should apply to both the entity's own operations and climate related public policy programs, as well as their outcomes. Participants in our roundtables expressed support for the proposed transitional relief. However, some participants suggested that additional relief measures, including scalability and optionality within the standard, should be considered. Some public sector entities may need to make significant investments to comply with the standard. For example, they may require training on climate-related scenario analysis and the adaptation of their processes to integrate climate-related data into their reporting systems.

As noted in SMC 8, the IPSASB should prioritize support for the adoption during the transition period to alleviate concerns about excessive burdens when adopting IPSAS SRS 1, particularly for smaller public sector entities. Additionally, the IPSASB might consider offering extended transition relief for these smaller organizations ensuring they have the necessary time and resources to adopt the new standard effectively.

During the consultation with Canadian interested and affected parties, participants expressed concerns regarding the transitional provisions. As noted in SMC 8, participants suggested that the report on climate-related disclosures should not be subject to a mandatory requirement to be published simultaneously with the financial statements. This change would result in the removal of paragraph 31.(a).

Regarding the transitional relief outlined in paragraph 31.(b), participants suggested it should be granted for a period of two years and proposed a phased approach. Under this approach, entities could elect to report only on their own operations in accordance with IPSAS SRS 1 during the first and second years of

adoption, benefiting from the transitional relief under paragraph 31(b). This would allow public sector entities to focus their initial efforts on reporting climate-related information specific to their own operations.

With respect to paragraph 31(c), participants recommended that the IPSASB consider deferring the reporting on climate-related public policy programs and their outcomes until three years after the date of adoption. At this point, entities would already be familiar with climate related disclosures requirements for their own operations and would be able to expand their reporting to include climate-related public policy programs and their outcomes. This phased approach would provide entities with the opportunity to build capacity while giving preparers additional time to ensure a smoother transition to the broader disclosure requirements.

Specific Matter for Comment 10: Other Comments

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

Response

1. *Upcoming ISSB Exposure Draft – Proposed Amendments to IFRS S2: GHG Emissions*

At its [January 2025 meeting](#), the ISSB agreed to propose targeted amendments to IFRS S2 with the objective of simplifying certain disclosures related to greenhouse gas (GHG) emissions. In the coming months, an exposure draft will be published to outline these proposed amendments, providing all interested and affected parties with the opportunity to comment.

These amendments are designed to alleviate some of the challenges identified in the implementation of IFRS S2, enhancing clarity and usability for preparers while ensuring that the needs of primary users are met.

We encourage the IPSASB to provide its valuable input to influence the development of International Sustainability Standards from a public sector perspective by responding to the upcoming ISSB exposure draft. This would help to increase the likelihood that the proposed changes are found to also serve the public sector when they become effective. The IPSASB could use the feedback received from the IPSAS SRS 1 ED and from the Sustainability Implementation Forum to inform this response.

2. *EFRAF Voluntary Sustainability Reporting Standard for non-listed SMEs (VSMEs)*

EFRAF developed a simple and standardized framework for non-listed SMEs ([‘VSME standard’](#)) to report on Environmental Social and Governance issues, creating better opportunities to obtain green financing and thus facilitating the transition to a sustainable economy. The VSME standard aims to assist SMEs in several key areas:

- **Meeting Data Requests:** Providing information to fulfill the sustainability data needs of large companies that seek information from their suppliers.
- **Access to Finance:** Supplying data that meets the requirements of banks and investors, thereby facilitating better access to financing for these organizations.

- Managing Sustainability Issues: Enhancing the management of environmental and social challenges, such as pollution and workforce health and safety, which supports competitive growth and resilience over time.
- Promoting Economic Sustainability: Contributing to the development of a more sustainable and inclusive economy.

We encourage the IPSASB to consider this recently developed guidance when addressing concerns raised in SMCs 3,7,8 and 9 related to smaller public sector entities.

3. *Supporting implementation of the IPSAS SRS 1*

As mentioned above, to encourage adoption and implementation of the IPSAS SRS 1 across the entire public sector, the IPSASB should focus on supporting the implementation of the standards and building capacity through educational resources. Expanding the implementation guidance to clarify terminology that public sector users may find unfamiliar – such as concepts introduced by IFRS S1 and S2, including “reasonable and supportable information”, “without undue cost or effort” and “consideration of skills, capabilities and resources” – might be beneficial.

4. *Sector-Specific Guidance*

The IPSAS SRS 1 ED allows public sector entities to consider the applicability of SASB Standards and GRI Sector Standards as sources of guidance when identifying climate-related risks and opportunities for an entity’s own operation. We encourage the IPSASB to also consider developing guidance that could leverage the requirements in these standards to create additional public sector specific guidance (e.g., education, healthcare, local governments).