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CANADA

RESPONSE TO IPSASB SRS EXPOSURE DRAFT 1, CLIMATE-RELATED DISCLOSURES

KEY POINTS

Introduction

1. HM Treasury (HMT) commends IPSASB's prompt response to public sustainability reporting, and welcomes the opportunity to comment on IPSASB's inaugural Sustainability Reporting Standards Exposure Draft (IPSASB SRS ED) 1 Climate-related Disclosures, following our initial response[1] to *Advancing Public Sector Sustainability Reporting* (herein 'our previous consultation response'), as well as our involvement in Climate Topical Working Group (CTWG).

2. Public sector sustainability reporting provides users with relevant, consistent, and understandable information to enhance government accountability. HMT has provided our overarching summary, responded to each of the consultation's Specific Matters for Comment (SMCs), and set out additional considerations for the Board in this letter.

Summary

3. In our previous response, HMT supported IPSASB's proposal for alignment with the UN Sustainable Development Goals (SDGs) the Task Force for Climate-related Financial Disclosure (TCFD) and the International Sustainability Standard Board (ISSB) frameworks. However, our response emphasised the need to address principal differences between public and private sector reporting – such as broader stakeholder accountability, stewardship responsibilities, and funding structures - to avoid unnecessary or irrelevant disclosures.

4. Leveraging from existing international frameworks, while also allowing some flexibility to accommodate existing national frameworks, is more likely to drive uptake and eventually deliver comparable, consistent, and more meaningful reports - without placing excessive reporting burdens on public sector bodies that often face resource and capacity constraints.

5. An international public sector-specific reporting framework that achieves a balanced approach - grounded in a clear set of conceptual foundations and informed by other frameworks, international agreements, and private sector standards - would be highly valuable in driving consistent, high-quality, and comparable disclosures.

6. In our view, significant changes are required to the IPSAS SRS ED1 Climate (hereafter referred to as 'the ED'), along with further consideration of the foundational elements of the IPSAS SRS framework, in order to meet this goal. While we recognise the urgency to

[1] Please refer to Appendix 1 in FRAB 148 (16)

work at pace, addressing these fundamental issues at the outset is essential to ensure this standard and potential future SRSs deliver meaningful and useful information to primary users.

7. Our main concerns are:

- **The need for a tailored public sector approach** – IPSASB sustainability reporting guidance must reflect the distinct objectives, governance structures, and funding mechanisms of the public sector. IPSASB's SRS1 relies too heavily on private sector frameworks, particularly IFRS S2, without sufficient adaptation for government entities (previous consultation response (PCR), paras. 4–5, 26–29). Future cash flows and enterprise value, key considerations in the private sector, are often irrelevant for public sector reporting, where long-term service delivery and policy outcomes are the primary focus. Additionally, the close alignment with IFRS S2 results in a proposal that is too lengthy and complex for the public sector. To support usability, IPSASB should streamline requirements and prioritise material disclosures.
- **Alignment with existing frameworks** - We support IPSASB's efforts to align with the ISSB, and the Greenhouse Gas (GHG) Protocol, but greater flexibility is needed to accommodate jurisdictional frameworks (PCR, paras. 3, 6, 21, 24–31). Given the UK's established TCFD-aligned reporting, duplicating requirements could add unnecessary complexity. IPSASB should prioritise leveraging existing frameworks (i.e., UN SDGs, United Nations Framework Convention on Climate Change (UNFCCC)) rather than imposing overly prescriptive new requirements.
- **Broader accountability beyond fiscal sustainability (social value considerations)** – Government and public sector bodies have unique responsibilities to build social value (e.g., environmental stewardship, acting as the insurer of last resort, public service delivery) in addition to their long-term fiscal sustainability responsibilities. IPSASB's focus on financial resilience overlooks critical policy and service delivery impacts, which are fundamental for primary users (PCR, paras. 5, 7, 15, 26–27) to assess performance, deliver accountability and make decisions. Refer to SMC1 and SMC5. Public sector sustainability reporting should integrate financial and non-financial performance, ensuring accountability for climate adaptation, resilience, and long-term policy objectives.
- **Scope and approach for Climate-related Public Policy Programmes (CR-PPPs) disclosures** – The proposed definition, limiting CR-PPPs to those with a primary objective of achieving climate-related outcomes, risks delivering disclosures that are, at best, incomparable and, at worst, may encourage greenwashing. The narrow and easily manipulated scope undermines the reliability of the related information. Refer to SMC3.
- **Length of disclosures may reduce overall usability** - the extensive disclosures required in SRS1 risk producing reports that are too lengthy and complex to be decision-useful. Sustainability disclosures should be concise, relevant, and integrated with existing public sector reporting, rather than adding unnecessary

burden. Governments have limited additional resources for climate disclosures, making the efficiency of reporting a key priority. Furthermore, without general sustainability and performance related information, the climate related disclosures may look out of place. IPSASB should consider the form and balance of a typical General Purpose Financial Report (GPFR) applying SRS1 and whether the right balance has been achieved. Refer to SMC2.

8. Releasing the inaugural standard before resolving these issues risks undermining the credibility of IPSASB's SRS framework. Refining and targeting the SRS 1 during its development phase will likely save considerable time, effort, and resources during jurisdictional implementation and entity-level reporting (which could otherwise be directed toward delivering tangible sustainability-related outcomes). This is addressed further in SMC7.

SMC1. Public sector operations and regulatory role (paragraphs 1-4)

9. We do not agree with the approach in the ED to address disclosures related to 'own operations' and 'CR-PPPs' separately. This is partially driven by the underlying design of both sets of disclosures and the scope of CR-PPPs, but also is fundamentally linked to a public sector body's objective to provide social value, as well as long-term fiscal sustainability.

10. Separating social value information to be reported under PPP-related disclosures (which have a very limited scope) would not deliver necessary information to primary users wanting to assess performance. Social value information is crucial when considering service delivery, however, is not addressed in the 'own operations' disclosures. We have addressed this further in SMC2 and SMC3.

Social Value vs. Profit: Distinctive Public Sector Considerations [B2–B15 (Conceptual Foundations)]

11. ISDSs link sustainability-related risks and opportunities to an entity's ability to generate future cash flows, emphasising the interactions between stakeholders, society, the economy, and the natural environment as critical to primary users (IFRS S1, 2). In our view, this rationale applies well to profit-generating entities to incorporate wider sustainability-related risks and link them to finance. For public sector bodies who incorporate social value considerations into their own operations and their wider strategy (including policy), applying a limited financial lens to risks does not hold true. Primary users of public sector GPFRs will be concerned with the entity's ability to deliver social value (through public goods and services) as well as long-term fiscal sustainability.

Ensuring Consistent Boundaries in Climate-related Disclosures [SRS1, 3(a)-(c), AG1.1–AG1.18]

12. The ED distinguishes between own operations-related disclosures, which focus on risks (and opportunities) to a reporting entity's long-term fiscal sustainability; and CR-PPP-related disclosures, which address climate-related outcomes [SRS1, 2(a) and (b)].

13. The ED is not clear on whether outcome-related information should only be included when it affects long-term fiscal sustainability [B.16]. If this is the case, CR-PPP disclosures

are unlikely to provide meaningful information. Conversely, if this is not the case, GPFRs may appear asymmetric, with very different boundaries considerations applied to own operations-vs-CR-PPP related disclosures.

Ensuring Consistency and Comparability with future SRS topics

14. Public bodies may be pursuing different forms of social value in line with their objectives, many of which are incommensurable. Focusing only on long-term fiscal sustainability when considering own operations (or PPPs) is unlikely to deliver a comprehensive picture to meet primary users' needs as new SRSs are introduced.

15. In our previous consultation response (PCR, para. 32), we supported the approach to address climate – alongside general sustainability-related disclosures – first. While we understand IPSASB's decision to tackle only Climate first, the SRS framework's conceptual foundations need to be clearer - even if a General Disclosure Requirements Standard comes later.

Integrated Reporting: Aligning Performance, Sustainability, and Finance [B22–B25 (General Requirements)]

16. The reliance on the IPSAS Conceptual Framework, designed for GPFRs, does not adequately support the integrated reporting required for IPSAS SRSs. IPSASB should consider developing a broader framework that incorporates performance and sustainability (including eventually other environmental and social outcomes), alongside fiscal sustainability to meet the informational needs of primary users.

17. On a conceptual level, developing sustainability standards raises new challenges which have not been encountered in IPSASB's previous work on financial reporting standards (e.g., the fungibility of certain sustainability information). Addressing these considerations appropriately will likely require distinctions between public and private sector reporting frameworks.

18. In our view, building on RPG 3, IPSASB should develop a dedicated Conceptual Framework for performance and sustainability-related information. This would significantly enhance and future proof the SRS framework.

19. Research by other standard setters could support this effort. For example, CIPFA's[2] extensive research with primary users, combined with existing studies, identified key areas of performance and sustainability-related reporting, as follows:

    - Impact against the UN SDGs
    - Environmental stewardship
    - Programme and policy outcome effectiveness
    - Long-term value creation

[2] CIPFA, April 2023, Public sector sustainability reporting: time to step it up

20. Social value is intrinsically linked with a public body's strategy. An integrated approach to GPFRs, combining financial and strategic performance reporting, would better address broader impact considerations and improve the relevance of the IPSAS SRSs.

Alternative View

21. We agree with Ms. Angela Ryan's points in the AV and support her proposed solution as a temporary measure. However, ensuring a consistent set of principles, scope and concepts is applied across disclosures would significantly enhance understandability for primary users and strengthen the interlinkage between the Climate Standard, future standards addressing CR-PPPs and the financial statements.

Our View

22. We urge IPSASB to reconsider the narrow scope of the CR-PPP related disclosures and adopt a more comprehensive approach to include significant, material climate-related information.

23. If IPSASB opts to focus solely on long-term fiscal sustainability, the Standard should be more focused on disclosures on 'own operations'. However, this narrower scope would diminish the utility of the information, as CR-PPPs often have more substantial impacts (and this lacks crucial strategic/social value information).

SMC2: Own Operations (Appendix A1: Application Guidance – Own Operations)

24. We welcome alignment with the structure in the ED with IFRS S2 (and S1, TCFD, etc.), as it promotes comparability and consistency. However, we note fundamental differences between the public and private sectors and the informational needs of primary users. We highlighted these in our previous consultation response (PCR, paras. 5 to 8). These challenges, particularly in adapting private sector sustainability reporting requirements for the public sector, are more pronounced than in financial reporting (PCR, paras. 13, 24 to 29).

25. We found the ED in its current form is hard to follow, with the main body of the Standard ('the main body') being quite short but strongly linked with IFRS S2, necessitating significant application guidance to explain how to apply the requirements in a public sector context.

Embedding sustainability considerations in the public sector

26. In the UK, our approach has been to consider the purpose and focus of reporting when considering differences between public sector and private sector bodies - summarised in Annex 1.

27. As outlined in SMC1, we believe it is neither beneficial nor feasible to separate social value sustainability-related information for the Strategy or Metrics and Targets pillars into CR-PPP-specific disclosures. These aspects are fundamentally interrelated with, and as important as, fiscal sustainability. Additionally, the narrow scope of CR-PPP disclosures (addressed further in SMC2) reinforces this point.

Public sector objectives and primary user's informational needs [B8-10 (Materiality)]

28. The ISSB links material information (for primary users) on sustainability risks and opportunities to the interactions between the entity and its stakeholders, society, the economy, and the environment across the value chain (IFRS S1 para. 2). Connecting this broader information with a primary users' typical profit-driven focus in the private sector, is possible because of the impact of these interactions on business operations and potential future cash flows. In the public sector however, sustainability considerations form a core component of the public sector's objectives and strategy and should be embedded into strategic objectives themselves (this is unlikely to be addressed in the narrowly defined CR-PPP disclosures).

29. To simplify implementation, improve integration, and encourage uptake, we recommend that disclosures include information on other public sector risks, including strategic risks related to delivering social value, which may not directly affect fiscal sustainability.

Separate informational channels

30. Reporting processes and practices in the public sector often follow standard frameworks, with more stringent transparency requirements than those in the private sector. Public sector bodies are required to provide open and accessible information on government decisions, policies, and operations to foster public trust and confidence. These requirements are usually set centrally and replicated across jurisdictions.

31. A typical primary user's understanding of public sector processes, supported by easily available supplementary information where needed, is likely to be higher than that of primary users in the private sector of a single typical company, where transparency requirements are generally less stringent. This may impact the utility (and cost-benefit) of detailed disclosure requirements for SRS1, particularly on Governance and Risk Management. Refer to para.42 to 54.

Alignment with IFRS S2 for own operations

32. Based on the public sector differences, our view is that the ED proposals are overly aligned with IFRS S2 and that the requirement could be less prescriptive. Where disclosures lack sufficient relevance, we suggest they be removed entirely, given the complex and lengthy structure of the ED. Eliminating superfluous detail would improve usability for preparers applying the proposed standard, and primary users of GPFRs.

33. Where close alignment remains the focus, less applicable/relevant IFRS S2 requirements (e.g., on opportunities, transition risks) should be moved to the appendices rather than included in the main body of the Standard. This should be done based on its relevance for SRS users - rather than driven by comparability to the IFRS S2 Standard. We would suggest streamlined reporting requirements that balance comparability with IFRS S2 (i.e., structure, high-level information) while reducing unnecessary complexity.

Integration with Existing Reporting Processes

34. In developed jurisdictions, climate reporting frameworks are often well-established and tailored to public sector needs, frequently designed by policy experts, or grounded in

legislative or statutory requirements. Using these frameworks to meet the requirements of SRS 1 may present significant challenges.

35. For example, the UK's Climate Change Risk Assessment (CCRA) is relevant for monitoring the physical risks of climate change. This has been central to implementing TCFD-aligned disclosures across the UK public sector, ensuring alignment with existing assessment systems. The CCRA aligns with government's responsibilities for addressing the climate-related risks to society, the economy, and the environment. CCRA is supported by technical experts in lead policy departments. The government's central response, a National Adaption Programme (NAP), is formed of constituent responses and risk mitigation plans from individual risk owning public bodies.

36. In other regions, transition risk frameworks may be more suitable for addressing specific challenges, such as managing exchequer risks in oil-dependent economies. Or a different set of wider environmental risks in equatorial countries faced with more severe warming.

37. The narrow focus on a single entity's long-term fiscal sustainability (and CR-PPPs with climate as a primary objective) is unlikely to provide useful or understandable information for primary users of GPFRs.

Relinquishing flexibility to set reporting requirements

38. An international standard provides credibility, enabling jurisdictions to set new requirements. However, in the UK's case, with a relatively mature sustainability and performance reporting framework, the significant reporting burden associated with the proposed SRS Climate disclosures may outweigh the benefits.

39. There would be a greater benefit where these disclosures are leveraged off existing international agreements/frameworks, which most developed jurisdictions align with/report against, and developing jurisdictions rely upon (e.g., UNFCCC, UN SDGs). Refer to SMC5.

Relevance

40. Certain climate-related considerations and topics may have less direct relevance for public sector bodies compared to the private sector. Examples include climate-related remuneration and sustainable procurement – which often complies with central rules and oversight mechanisms and is outside of the control of the reporting entity. Information on areas such as CR-PPPs may be more significant for the primary users of public sector reports.

41. Striking a balance between concise, usable and inciteful GPFRs is essential. In our view, the ED does not adequately tailor the disclosures to ensure that only useful information is required. As a result, primary users may struggle to identify key insights from overly detailed reports. Additionally, the reporting burden on public sector bodies is disproportionate, especially given the resource constraints many face.

42. While we acknowledge the interest from the World Bank in a standard that could support green sovereign bond issuance, we caution that entity-level disclosures alone are likely not sufficient to meet the informational needs of these users (PCR, paras. 8-10, 27, 34) as policy design/delivery/monitoring, exchequer, and bond issuing functions are

undertaken by different reporting entities. Statistical or consolidated information would likely be much more useful. The national (carbon) inventory reports under the UNFCCC or the voluntary national reviews under the UNSDG framework may provide better alignment with these specific users.

Governance

43. We believe the governance disclosure requirements [SRS1, 8, 9] are overly specific and too closely aligned with IFRS S2. IPSASB could take a higher-level approach to board oversight and management roles, giving preparers more flexibility to include general governance information or add climate-specific details where governance reporting is already established.

44. While there is likely overlap between the public and private sector - on the relevant documents and processes from IFRS S2 - the utility of this information to primary users may be lower (e.g., more transparency elsewhere, less direct accountability for Boards), when compared to other more useful information (e.g., on performance and delivering public services).

Relationship between the Board and primary users

45. In the private sector, governance disclosures in annual reports help shareholders assess board performance and their ability to meet objectives. In the UK this is supported by the Corporate Governance Report. While governance is equally critical for public sector bodies, the relationship between boards and primary users (i.e., service recipients and resource providers) is very different. This may require different disclosure requirements and focus.

46. UK government body boards typically serve in an advisory role to the Accounting Officer, who holds ultimate operational responsibility, while ministers (not on the board) make strategic decisions. This creates clear accountability to the government. If similar structures are common in other jurisdictions, AG1 could address this difference.

Civil Service vs. Government

47. The separation of administrative and political governance arrangements will also be important in certain jurisdictions for accountability purposes. In the UK, a Permanent Secretary is the senior civil servant responsible for the efficient operation of a department, financial management, and implementing government policy. They ensure the proper use of public funds and provide impartial, evidence-based advice to ministers. Ministers are elected officials who set the strategic direction, make key policy decisions, and are accountable to Parliament and the public for their department’s performance. While this spit will generally be well understood by jurisdictional users, or easily accessible elsewhere, information which considers this split would be helpful.

General Governance and Overall Integration [SRS1, 8 – 9 (Governance)]

48. Jurisdictions without existing governance reporting requirements may find climate-related governance disclosures in GPFRs out of place. In the UK, public sector bodies adopting TCFD build on a robust existing reporting framework, adding specific climate-related requirements.

49. Information on the overall governance arrangements would be more helpful for the users of GPFRs who are typically more focused on areas such as value for money and service delivery. This would offer better connectivity with the financial statements, compared to climate-related risks alone. This could still use specific targeted disclosures on climate-related risks.

Detailed Disclosure Requirements

50. The majority of more detailed requirements [SRS1, 9(a) (i, ii, iii, v) and 9(b) (i, ii)] could be moved to AG1 and presented as examples to support primary users' understanding of an entity's governance – rather than disclosure requirements in themselves (improving SRS1 usability).

Risk and Outcome Management

51. We have concerns about the level of detail and likely volume of climate-related disclosures within GPFRs, particularly where broader information on overall risk and outcome management is absent. This lack of context could negatively impact jurisdictions without established reporting frameworks, where such information would be highly beneficial.

General Risk and Outcome Management and Overall Integration [SRS1, 13-15]

52. To effectively communicate sustainability-related information, a more holistic view of risk and outcome management is necessary – as described in our response to the Governance proposals.

53. While GPFRs should prioritise the needs of primary users, broader information on risk and outcome management would also be valuable for international investors/donors more generally in providing entity context (i.e., the World Bank).

Detailed Disclosure Requirements

54. Specifically, the requirement to integrate climate-related risks into an entity's overall risk and outcome management processes [SRS1, 14(c)] is unlikely to be useful if climate risks are reported in isolation, without broader context on general risk management.

Separable Information

55. The processes for identifying, assessing, prioritising, and monitoring climate-related risks are likely to align closely with those used for other risks. Requiring separate reporting on climate-related processes risks inefficiency and duplication (particularly with the introduction of future SRSs).

Strategy

56. The fundamental differences between the public and private sectors in managing climate risks and opportunities necessitate a tailored approach in SRS 1. The public sector's focus on systemic and physical risks, as well as its unique role in serving broader societal objectives, requires a shift away from the private sector's profit-focused framework towards a model that reflects its responsibilities and constraints.

Scenario Analysis [SRS1, 14(b)]

57. IFRS S2 scenario analysis is intended to interlink with other information (Strategy, Risk Management) – consequently, applying scenario analysis to the organisation's actual Strategy and Risk Management (and not just the portion related to long-term fiscal sustainability defined in this ED) would be helpful.

58. The main body of the ED requires scenario analysis for climate-related opportunities [SRS1, 14(b)], however, there's no equivalent mention of climate-related risks. While the main body on Climate Resilience [11(e)] cross-references to AG1 and elaborates on risk-based climate scenario analysis [AG1.39], the asymmetry is confusing.

59. This is also inconsistent with IFRS S2 which explicitly requires information regarding scenario analysis for opportunities and risks [25(a)(ii)]. While we strongly support streamlining IFRS S2 requirements, we recommend prioritising the removal of opportunity-related information in the main body of the standards, while retaining a stronger focus on risks (as they are likely to be more relevant and less likely to lead to greenwashing).

Risks-vs-opportunities

60. The IFRS S2 disclosures were designed for the private sector, where profit-driven entities are more likely to capitalise on opportunities arising from climate change, such as resource allocation for the energy transition. While opportunities do exist for the public sector, the balance between risks and opportunities is fundamentally different. Most public sector bodies are not able to generate profit, so many of the direct financial opportunities that IFRS S2 are intended to highlight do not apply.

61. For the public sector, climate-related opportunities are more likely to have broader economic benefits felt at the national or regional level, rather than direct financial benefits at the entity level. The economic benefits of climate-related transition would materialise at the public sector level, through a bigger growing economy and higher tax revenues in the future (collected by the exchequer). In contrast, the financial opportunities for individual entities will predominantly be less direct.

62. In the UK, we've found that where opportunities exist at an entity level, they are often risk reductions rather than genuine financial opportunities. For instance, a government investing early in green energy may gain a comparative advantage for its economy – however, the direct impact on long-term fiscal sustainability is difficult to measure (e.g., external factors, long-term, economy-wide). Public sector initiatives often lack a clear financial return, as seen in areas like defence spending.

63. In our view, because there are likely to be fewer opportunities available to public sector bodies, the disclosure requirements and level of detail in the main body of the ED on opportunities could be simplified and streamlined. This could also be applied to other areas [SRS1, 14(a) and (c)]. Too much undue focus on opportunities may encourage greenwashing,

Transition-vs-physical climate risk

64. IFRS S2 focuses on the climate transition due to the potential financial opportunities available to private sector entities, or risks from regulation and carbon prices. In our view, the public sector faces a greater impact from physical climate risks, given its service delivery obligations and statutory responsibilities. Public sector bodies often bear systemic failures, such as responding to extreme weather events, and are required to maintain operations in challenging circumstances.

65. The public sector is also a significant landowner. Public entities often retain vulnerable land that cannot be sold off, which is then used for specific public sector purposes (e.g., army training barracks on floodplains). They may also have to use land that is at increased physical climate change risk (e.g., naval bases in coastal regions impacted by rising sea levels).

66. Adaptation risks are frequently borne by public bodies or the sector as a whole (e.g., as insurers of last resort), as governments often bear responsibility for systemic risks. A greater emphasis on adaptation risks is needed for the public sector at an entity level, given its role in safeguarding the public.

Public Sector Accountability and Climate Risk Management

67. Governments are widely seen as primarily responsible for managing climate risks, a role distinct from the private sector. In democratic systems, public accountability—through legislatures and the electorate—creates a unique transparency requirement for climate-related disclosures. Climate risks impact public service delivery, infrastructure, and fiscal sustainability, making comprehensive reporting essential for informed decision-making.

68. Unlike private entities, governments can raise taxes to address climate costs, directly affecting public finances and spending priorities. The financial burden of climate adaptation and mitigation often falls on the public purse, reinforcing the need for transparent reporting. These factors highlight the unique nature of public sector climate risk management and the importance of a tailored reporting framework.

Service Delivery in a Changing Climate: Risks and Opportunities [AG1.3(a)–(d) (Scoping and definitions) and AG1.28 (Strategy and decision-making)]

69. Mention of 'service delivery' is included once in the main body of the standard, and once in the application guidance. This seems odd when this is a key public sector objective, for a reporting standard that is aimed at service recipients (as primary users).

70. The ED includes service delivery within 'own operations' [AG1.3(a)–(d)]. However, public service design is often integrated with PPPs and influenced by factors beyond long-term fiscal sustainability. Service delivery is a key consideration in both the design and operational phases of PPPs. Separating service delivery information from the broader PPP context may not be practical and could appear inconsistent when disclosed alongside existing CR-PPP information.

71. In most cases, sufficient material information on service delivery is unlikely to be delivered under the own operations disclosures [as indicated in AG2.13]. The risks and opportunities for long-term fiscal sustainability experienced by a single entity reporting,

are unlikely to be comparable to (or useful when considering) the overall impact to the economy, society, and the public.

Addressing Fiscal Risks in Climate-Related Disclosures [B8-B11]

72. Our strong preference is for social value considerations to be included in the ED. However, even with the narrow focus on long-term fiscal sustainability, the fiscal risks associated with systemic failures would be challenging to capture under the current basis of sustainability reporting – either for disclosures narrowly defined CR-PPPs or related to own operations.

73. For example, a public body funded through general taxation and tasked with regulating an industry may hold a broad responsibility for that industry's sustainability. While the body might implement PPPs to address long-term risks (including but not primarily those posed by climate change), it may not directly bear the financial consequences of the industry's potential failure. Nevertheless, such a failure could pose significant risks to the industry itself, society, and government finances through lost tax revenue. Despite these implications, these fiscal risks may not be reflected in the public body's disclosures, highlighting a gap.

74. Estimating the timing, affect or impact of fiscal risks is challenging. If the final Standard intends to maintain a narrow focus on long-term fiscal sustainability, we believe additional guidance is necessary for disclosing (and assigning) fiscal risks – whose management is crucial for the long-term fiscal sustainability of government (and public body).

Strategy for delivering public services

75. The ED's explanation of what constitutes a public sector body strategy in regard to inclusion in the GPFR is confusing with some disclosures indicating a limited focus on long-term financial stability. In the private sector, wider risks can be tied to the ability of the entity to generate future cash flows [IFRS S1, 2].

76. In our view, however, viewing Strategy-related information for the public sector through such a narrow lens would be difficult to apply, and not be useful for primary users. Reporting solely on long-term financial sustainability is unlikely to provide sufficient information for effective decision-making, to mitigate risks in the future.

77. For example, correctional facilities without climate control experience increased violence on very hot days[3], highlighting the social costs of inadequate infrastructure. The impacts of unmitigated heat on the incarcerated are significant for both direct and indirect service recipients, who depend on the continued operation of these facilities. While financial information (e.g., costs of relocating prisoners or installing air conditioning) provides some insights, it does not fully capture these critical societal risks. In such cases, non-financial information that focuses on the broader impact on an entity's strategic

[3] Paper 28987, July 2021: The Causal Effect of Heat on Violence: Social Implications of Unmitigated Heat Among the incarcerated (DOI 10.3386/w28987)

objectives, rather than solely on the costs of mitigation, is likely to be more relevant and important.

78. IFRS S2 disclosure requirements have a focus on transition-related risks in part because of the potential impacts of carbon prices, and perceived risk of government regulation. Government has some flexibility in deciding how public sector bodies are impacted (e.g., scope of regulation).

Climate resilience [SRS1, 9 (Definitions) 11(e) (Strategy)]

79. It is unclear whether disclosures on climate resilience for own operations focus solely on long-term fiscal sustainability or an entity's broader strategy. Climate change may significantly impact an entity's ability to deliver essential public services (e.g., defence), which, while difficult to quantify in financial terms, is critical for service recipients. The balance of climate transition and adaptation risks differs between public and private bodies.

80. Public sector bodies, especially (but not exclusively) those in policy roles, can have a significant impact on climate outcomes through policy development, legislation, regulation, and fiscal tools. Prioritising details on these areas over operational disclosures is likely to drive more meaningful reports.

Transition Plans [SRS1, 11(c) (Strategy), AG1.25(a)(iv)]

81. Entity-level transition plans are essential for private sector bodies, as they operate independently and require individual planning. In contrast, government and public sector bodies can establish sectoral, industry, or group-level transition plans, which may be more appropriate and cost-effective. Requiring individual entity-level transition plans for public sector bodies could lead to inefficiencies and higher overall costs without necessarily enhancing the effectiveness of achieving net zero goals.

82. IFRS S2 requirements were designed for private sector entities, which operate independently and have distinct relationships with investors focused on efficient capital allocation. Transition plans are particularly relevant for high-emitting industries, which are more common in the private sector.

83. For administrative public sector bodies, primarily with Scope 1 and Scope 2 emissions, resources may be better focused on supporting (and reporting on) energy transitions at the grid level through CR-PPPs, as this is likely more relevant to users. This is addressed further in SMC2.

84. If IPSASB includes transition plans, we recommend clarifying their purpose with reference to the caveats to public sector transition plans set out and, providing qualifying criteria (e.g., where appropriate or relevant) in all related disclosures. Without clear guidance, significant resources could be spent on entity-level plans with minimal impact (or utility).

Pre-empting government policy [AG1.25 (b) and AG1.32 (c)]

85. Disclosure requirements on future plans (e.g., investment/disposal plans and planned sources of funding) could be seen as pre-empting government policy. In practice, these

disclosures may be challenging to clear, as they are closely tied to evolving government priorities and funding decisions.

Metrics and Targets

Detail of requirements

86. Streamlining the disclosure requirements related to the GHG Protocol may be useful, particularly as IPSASB has used a rebuttable assumption for its application.

Value chain for own operations

87. In the private sector, own operations have a much clearer remit. In the public sector, however, separating own operations from both PPP information and social value is challenging. Information on climate impacts of wide-ranging PPPs is likely to be much more significant to primary users than value chain information as defined in the ED [SRS1, 7]. This is addressed in SMC3.

88. Furthermore, the public sector's engagement in value chain activities is often limited, and value chain emissions may be less relevant for many public sector entities [AG1.23].

Scope 3 – Relative Importance

89. In our view, the cost-benefit balance for measuring and reporting Scope 3 emissions differs between the public and private sectors. The public sector's centralised structure enables significant influence through cross-government policies (e.g., procurement, policy), while individual actors in the private sector make targeted data reporting more effective for investors and shareholders to drive change. This does not diminish the importance of value chain emissions for the public sector but highlights that different levers, such as PPPs, may be more impactful and faster-paced compared to data collection for Scope 3 (with less overall cost and effort).

90. Further guidance on what constitutes material Scope 3 information would be useful in this regard. A simple comparison between total emissions for Scope 1 and 2 sources, which are under the entity's control; and Scope 3 emissions, which the entity has far less influence over; is unlikely to drive the right decisions. Considering other value chain metrics may be more efficient, economical, and effective.

91. Scope 3 data is often far less accurate than Scope 1 because there is often a lack of resolution (granularity and specificity) in methods used to estimate these emissions. Scope 3 reporting will also likely involve multiple layers of proxy degrading the its accuracy.

92. Organisations also have a wide choice over their emissions measurement approach and what data they use to estimate their emissions. This flexibility has benefits but also means that data is usually not directly comparable between organisations. Scope 3 estimates derived from activity data can provide a basic materiality assessment but often lack the quality and comparability needed for effective capital allocation.

93. Also, Scope 3 reporting does not measure data that is comparable to Scope 1 reporting because by design, Scope 3 reporting encompasses multiple years of data (past, present and future years of emissions) whereas Scope 1 reporting typically looks at a single year.

Treating Scope 3 with the same importance as Scope 1 and Scope 2 is unlikely to be cost-effective for driving emission reductions.

Scope 3 – Financial Considerations

94. Considering the fiscal implications, Scope 1 and Scope 2 emissions incur immediate costs and are financially material, making their reporting straightforward and essential. In contrast, entity-level Scope 3 emissions do not have immediate direct costs and are unlikely to be financially material in the near term. The distinction raises questions about the relative importance and focus on Scope 3 disclosures when considering an individual entity's long-term fiscal sustainability.

95. This uncertainty, combined with the variability and complexity of Scope 3 data, underscores the need for a balanced and practical approach. Ensuring high-quality, decision-useful information while avoiding unnecessary costs or risks is essential for meaningful and effective climate disclosures.

Carbon Credits

96. Carbon credits are included in the main body of the standard under definitions [SRS1, 9] and metrics and targets [SRS1, 24]. We have a more cautious view in the UK and note that these may be less relevant for public sector bodies. Their inclusion in a public sector-specific standard risks encouraging their use without sufficient consideration of implications.

97. The use of carbon credits by public sector bodies is complex and may not always be efficient. Managing carbon credits is typically more efficient at a cross-government level, rather than by individual entities. Many jurisdictions impose restrictions on their use, and the practical application may be confined to central government bodies or environmental stewardship programmes. Moreover, public funds spent on carbon credits might be more effectively allocated to delivering CR-PPPs.

98. Carbon credits pose several challenges, including lack of standardisation and variability in quality, increasing the risk of greenwashing and double counting, which can undermine credibility. Permanence issues arise if stored carbon is later released, while equity concerns highlight the potential for credits to delay meaningful emission reductions. Market volatility creates financial uncertainty, and ethical concerns exist around public sector entities selling credits, which may conflict with policy goals or public trust.

99. Questions also arise about whether public sector bodies, as significant landowners, and policymakers, should sell carbon credits. This issue is highly relevant for the public sector applying the standard but is not addressed in SRS 1.

100. If IPSASB intends to cover this under CR-PPPs, additional application guidance would be needed. We do, however, question whether the standard should encourage this practice at all.

101. This is a complex area requiring further consideration. Without a more thorough examination of the implications, carbon credits should not be included in the main body of SRS1. If IPSASB decides to retain guidance on their use, we recommend moving the

details to an appendix and providing additional application guidance to support public sector bodies with the issues raised above.

Application of GHG Protocol in Public Sector Emissions Reporting

102. Overall, the GHG Protocol's focus on value chain and product lifecycle emissions may not provide as much utility for primary users in terms of decision-making and accountability compared to other emissions-related information.

Public Sector-Specific Challenges

103. While the use of a rebuttable assumption (alignment with IFRS S2, international preferences, and reporting practices) is supported, public sector-specific challenges are compounded when applying the GHG Protocol. These include:

- Diverse activities - Public sector bodies often engage in a wide range of activities (e.g., policy development, healthcare, education, transportation), which complicates the determination of organisational boundaries and emissions accounting.
- Complex product lifecycles - Emissions associated with the use and end-of-life phases of public infrastructure are difficult to assess.
- Inconsistent reporting structures - Local governments and devolved administrations may have varying data collection and reporting practices.
- Ambiguous operational boundaries - Determining which emissions to include based on the GHG Protocol's boundary-setting approaches is challenging for public sector organisations, especially those with complex operations.
- Policy influence - Governments often influence emissions indirectly through policy, making it difficult to accurately account for emissions that they do not directly control.
- Misalignment with national goals - Governments may want to align their GHG inventories with national climate targets (e.g., net-zero goals) and international reporting obligations, such as those under the UNFCCC.
- Competing Priorities - Some sectors, such as defence and healthcare, face unique challenges in emissions reporting due to factors like confidentiality or the energy-intensive nature of their services.

104. The GHG Protocol grants organisations a wide choice over their emissions measurement approach and what data they use to estimate their emissions, as well as how they draw their organisational boundaries, and where responsibility lies for certain emissions. Consequently, the GHG Protocol is unlikely to lead to comparable reporting across different organisations and researchers highlight concerns that carbon accounting practices, as per GHGP, are inadequate for providing managers, investors, and other stakeholders with the information needed to make informed decisions[4].

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[4] TRR 266 Accounting for Transparency Working Paper Series No. 121, Decision-Useful Carbon Information

US Public Sector GHG Protocol

105. The US public sector GHG Protocol offers some guidance but is heavily US-focused, making it less applicable internationally. Moreover, it fails to address many of the public sector-specific challenges outlined above and may not align with the IPSASB Conceptual Framework (or the final disclosures proposed in the ED).

Reliance on External Frameworks

106. While the GHG Protocol remains a widely accepted standard for GHG measurement, it is an external reference. Updates to the GHG Protocol are expected in 2025 and 2026, and we recommend that IPSASB engage with the consultation process to ensure the public sector's needs are adequately represented.

107. Even with IPSASB engagement during the GHG Protocol renewal, it's unlikely all the public sector issues will be addressed. The US Public Sector guidance was not flagged as a workstream material in the 2022-23 Survey on Need for GHG Protocol Corporate Standards and Guidance Updates.

Consideration of Alternative Approaches [AG1.72 (GHG accounting methodologies)]

108. We suggest that IPSASB soften the term 'established method' to allow for the exploration and development of public sector-specific methods and frameworks that better suit the unique challenges and operational realities of public sector entities, while still complying with the overall requirements of the ED. The description used in the main body is more appropriate [SRS1, 17(a)(ii)]. This approach would offer greater flexibility and may help explore solutions to the significant issues outlined in this response.

Further Scope 3 Considerations

109. While there is a social value element to carbon, the related information for PPPs is likely to be much more useful when considering these wider societal aspects (and when making decisions). Refer to SMC6.

GHG Protocol: Direct Measurement

110. We also want to emphasise our support for the use of alternative statistical techniques and estimations for calculating direct, indirect, and, to a lesser extent, value chain emissions. Unlike cash, emissions are extremely difficult to measure directly (e.g., infrared analyses). While direct source measurement may be appropriate for certain processes in carbon-intensive industries or large energy generators, most private sector reporters rely on emissions factors to calculate their Scope 1 and Scope 2 emissions measurements.

111. Very few public sector bodies are involved in high carbon-intensity processes, so the emphasis of these disclosures is unhelpful [AG1.66-68]. Additionally, the guidance indicates that Scope 3 emissions are likely to involve estimation rather than direct measurement alone [AG1.86]. This seems to suggest that public sector bodies would directly measure Scope 1 and Scope 2 GHG emissions, which we believe would neither be feasible nor cost-effective. It is unlikely to deliver accurate results if public sector bodies attempt to use technical scientific instruments for such measurements.

GHG Protocol: Treatment of Grants

112. More detailed guidance on emissions arising from grants would be useful. The public sector is more likely to apply the 'operational control' approach under the GHG Protocol rather than 'financial control.' Since grants form a significant component of government fiscal policy, excluding those outside of a reporting entity's operational control could create substantial gaps in emissions-related information.

113. In addition, this may create an incentive to structure carbon-intensive grants outside operational control to avoid disclosure. Given the narrow scope of CR-PPPs, these grants are also unlikely to be captured under those disclosures.

SMC3: Public Policy Programs (paragraph 3 and AG2.4–AG2.6)

114. Only reporting on impacts for a small subset of PPPs, which meet the narrow definition of CR-PPPs, would not provide a complete or balanced GPFR. In our view, failing to report on the social value considerations in the same report fails to provide sufficient information to primary users for decision-making and accountability.

115. The proposed scope of PPP disclosure, limited to climate-related policy programmes, excludes programmes with significant climate impacts. This is a critical flaw, as it leads to the omission of vital climate-related information that should be reported to meet accountability and decision-making needs, while also increasing the risk of greenwashing.

Scope Considerations

116. The ED proposes that CR-PPP-related disclosures are required only when PPPs are designed with climate-related outcomes as the primary objective. Other PPPs with a significant impact on climate would often not be captured. In our view, this approach would fail to meet the informational needs of primary users and risks damaging the SRS framework overall.

117. Furthermore, the terminology of CR-PPPs doesn't accurately reflect the scoping approach that is being applied - which includes only those PPPs with a primary objective to achieve climate-related outcomes. This terminology is misleading for both prepares and users of the Standard. While for consistency, we have continued to use the terminology of CR-PPPs in this response, our view is that 'Climate Public Policy Programmes' is more accurate. If IPSASB proceeds with the approach in the ED, our view is they should consider revising the term 'climate-related' to 'climate policy programmes' for accuracy.

Overall Performance – Accountability and Decision-Making

118. While the approach in the ED provides some material information to primary users, there would be significant gaps. Excluding PPPs with significant climate-related outcomes, but that don't have a primary objective of climate, would not generate comparable or useful information.

119. Primary users would not have a complete picture to assess the reporting entity's overall performance for delivering climate-related outcomes. This would severely limit their ability to provide overall accountability – with information on only a limited subset of PPPs with

climate-related outcomes. This incomplete picture would also adversely impact confidence in making strategic decisions.

Comparability of Climate-outcomes across PPPs

120. Similar climate-related outcomes may be delivered by different PPPs using the same KPIs. Attributing performance to only a small subset may distort the reported information and fail to provide sufficient information for users to understand performance against specific climate-related outcomes.

121. A perverse example would be a small public sector body issuing new oil field licences—a PPP with a substantial climate-related outcome but not as its primary objective—would be excluded, while a less impactful PPP aimed at encouraging public transport use for commuting would be included. Both PPPs may report on emissions-related information, but only the latter would be disclosed in GPFRs, leaving key information on significant PPPs unaddressed elsewhere.

122. Evaluating climate-related performance based only on primary objective KPIs for a subset of PPPs would limit comparability and fail to provide a complete view of the reporting entity's overall performance against climate-related outcomes. This risks confusing users and undermining the usefulness of disclosures.

Gameable

123. Reporting entities would be able to strategically design PPPs to manipulate scoping requirements. Clearly being able to repackage (or relabel) PPPs, to avoid scrutiny on certain climate-related outcomes, while reporting on others - would lead to (or encourage) greenwashing. This offers considerably less useful information.

Impacting policy design

124. PPPs should be designed to deliver outcomes in the most efficient and effective way, rather than to meet disclosure requirements. Where detailed information on specific PPPs is necessary (e.g., for Green Financing), this should be addressed through a targeted funding bid or a balanced entity-level assessment of impacts. For green sovereign bonds, a general statistical approach may be more appropriate (PCR, para. 34).

125. Adverse impacts to PPP design are particularly damaging for climate, where action is needed at pace, and climate needs to be embedded throughout PPPs across government (as opposed to being grouped).

Interaction between PPPs [AG2.25(c) (Strategy and decision-making)]

126. PPPs are likely to interact with each other, whether through intentional cross-organisation or cross-government delivery, or indirectly as unintended impacts emerge over time. Conveying these interactions and trade-offs for only a subset of PPPs may not provide a clear or meaningful picture, as it could overlook the broader interconnected effects.

Interaction with future SRS topics

127. As other sustainability topics are tackled in potential future SRSs, the interactions between different sustainability-related outcomes will become more significant to decision-makers. Some will offer synergies, while others may require a level of trade-off. Without a more

complete view of the sustainability-related outcomes (and impacts), describing these interactions will be challenging.

Implementation challenges – Challenges from the climate-related ministry

128. A small subset of specialist public sector bodies is likely to be responsible for the majority of CR-PPPs. Public sector bodies, particularly in developed jurisdictions with established reporting frameworks (e.g., the UK's Department for Energy Security and Net Zero (DESNZ)), may resist adopting new reporting frameworks, on topics where they have considerably more expertise and experience.

129. This resistance is especially relevant where existing processes and technical climate expertise already exist to deliver climate-related information for decision-making (e.g., the climate reporting regime for estimating emissions under UNFCCC National Determined Contributions (NDCs) in Carbon Budgets).

Implementation challenges – Common approach for future standards

130. More generally, finance ministries may find it challenging to impose PPP disclosure requirements on other specialist policy setting bodies with ownership of that policy area. These implementation challenges will likely be faced for each new SRS topic (e.g., environment ministry for potential future IFRS Ss on Biodiversity, Ecosystems, and Ecosystem Services (BEES).

131. An overarching standard (similar to IFRS S1) or conceptual framework may reduce these implementation risks – as the overall approach on other sustainability-related topics is clearer from the onset. Leveraging off existing international frameworks (e.g., UN SDG, UNFCC) would also help.

Governance

132. We have similar concerns on information on climate-related specific governance arrangements for CR-PPPs, in the absence of overall governance information. Refer to SMC2. Our concerns over the ED's approach to scoping CR-PPPs would also likely lead to an asymmetric set of Governance disclosures, which are difficult to understand.

Public Sector Considerations [SRS1, 9(i) to (iv)]

133. While AG2.20-2.23is helpful, in our view, information on the governance of PPPs more generally would provide a more cohesive integrated set of disclosures (particularly with the narrow scoping approach for CR-PPP).

134. Governance arrangements for PPPs are often formalised in documents such as letters of engagement or memoranda of understanding, which may not align with standard operational governance reporting formats. AG2 could address this distinction to ensure that governance reporting reflects the realities of PPP management.

Ensuring Appropriate Reporting on Senior-Level Oversight in Climate Governance [SRS1 9(a)(v) and (b)(ii) (Governance)]

135. PPPs typically do not have governance structures equivalent to those of an overall organisation managing material risks and opportunities. Governance within PPPs often involves less senior positions, and disclosing information related to these roles may be

challenging (i.e., against convention or employment agreements) and less relevant for decision-making or accountability purposes. The current narrow definition of CR-PPPs [SRS1, 7] may exacerbate this issue further with unbalanced disclosures.

Governance Structures for Climate-Related Risks and Policies [AG2.20–AG2.23 (Governance)]

136. Governance disclosures should focus on more senior staff (i.e., board-level positions) who have overall responsibility for PPPs (or sets of PPPs). Expanding the scope to include governance of policy areas more generally would provide more comprehensive and useful information for users.

137. This may be better addressed in a conceptual framework or general disclosure requirements standard. Governance around the establishment and management of PPPs overall should be the focus, with subsequent IPSAS SRSs adding only minor, topic-specific details.

Risk and Outcome Management

138. We have similar concerns to those highlighted above, for risk and outcome management disclosures. Furthermore, describing the integration of a limited subset of CR-PPPs is likely to be challenging and could result in incomplete or confusing information on risks and outcomes [SRS1, 13(b), 15].

Other considerations

Complementary 'Own Operations' Disclosures for CR-PPPs [AG1.6]

139. We don't agree with the view that useful PPP-related information would be reported within a public sector body's own operational disclosure. Generally, this will not provide sufficient complementary information for users to understand broader impacts of PPPs.

140. Public bodies involved in policy setting are often not involved in operational delivery, and their own operations may not be representative of the specific climate-related policy area (and risks) in question.

141. Regulators setting CR-PPPs on industry are unlikely to face the financial risks and opportunities (and impacts to their long-term fiscal sustainability) compared to the companies themselves. Information on the financial impact on the industry would be very useful for primary users. Unless this type of information is required within the CR-PPP disclosures themselves, CR-PPP related information is unlikely to be useful. There are often valid reasons for differences between policies for public sector bodies and policies for the wider economy.

142. Conflating these disclosure elements and expecting them to provide complementary information is counterproductive. More critical information concerning policy outcomes impacting the broader economy would be useful.

SMC4: Public Sector-Specific Definitions (paragraph 7)

143. We believe that the clarity of the ED could be significantly improved by adjusting the definitions in the main body of the standard [SRS1, 7] to better reflect the public sector

context. Specifically, definitions that are far less likely to be relevant for the majority of public sector bodies should be removed (or at a minimum moved to an appendix).

Public Policy Programmes: Scope, Implementation, and Reporting [SRS1, 8 AG2.4–AG2.6 (Scope of Public Policy Programs)]

144. We do not agree with the proposed definition of PPPs. Ultimately, PPPs aim to achieve desired outcomes across society, the environment, and the economy - essentially acting as a tool to guide and direct improvements in social value[5]. This purpose is not captured in the proposed definition.

145. Our understanding is that most public sector bodies would include PPP considerations when delivery of public services. These would often be difficult to separate from PPPs. Applying a different, narrower definition for disclosure purposes compared to the well-understood definition across the sector would make implementation much more complex and likely confuse preparers (and users).

146. We have further specific concerns with the definition wording as follows:

- Sovereign powers – in our view many PPPs can function effectively without sovereign powers, depending on their objectives and design, for example:
  - Collaboration and partnerships - voluntary agreements, public-private partnerships, or subsidies (e.g., renewable energy grants).
  - Public awareness and education - behaviour change through campaigns or training (e.g., recycling initiatives).
  - Market mechanisms - incentive-based approaches like emissions trading schemes or carbon offset programmes.
  - Service delivery - direct government services (e.g., healthcare, education) without regulation or enforcement.
  - Facilitation and coordination - governments acting as facilitators to align stakeholders (e.g., disaster response or urban planning).
- Influence decisions of other entities and individuals - While many PPPs do aim to influence behaviour, others are designed solely to provide services, build infrastructure, or support internal government functions, for example:
  - Internal government efficiency - Improving government operations (e.g., energy use).
  - Research and development - supporting research without behavioural goals.
  - Service delivery - direct provision of services (e.g., healthcare, education).
  - Infrastructure development - building and maintaining assets (e.g., roads, bridges).

[5] While we recognise that in some jurisdictions improving social value may not always be the aim of policy programmes, we do not believe that IPSASB's standards are likely to be adopted in such jurisdictions, and these would not be public policy programmes.

147. We note that the ED does not sufficiently address the treatment of CR-PPPs when responsibility is shared across multiple public sector entities.

148. Clear guidance is needed on how entities should report their respective responsibilities and how these should be integrated to present a complete picture of the programme's impact. This should be considered alongside the practical challenges to clearance, assurance and publication for connected reporting entities reporting on the same information (and avoid delaying the overall timetable).

Assessing the Applicability of IFRS S2 in Public Sector Reporting [SRS1 7 (Definitions), B16–B46 (General Requirements)]

149. Our response highlights concern with certain climate-related concepts - which in our view are far less relevant in a public sector context and would benefit from less focus/removal (e.g., financed emissions, transition plans, etc.)

150. The list of definitions [SRS 1, 7] is overly long and risks overwhelming non-technical users. Public sector guidance should be simplified to be accessible to all users, including smaller bodies with limited resources. While jurisdictional regulation may be applied to reduce reporting requirements for small companies, this may not be the same approach for smaller public sector bodies.

151. The current list combines IFRS S2 definitions with additional public sector terms, creating confusion. IFRS S2 places its definitions in an appendix, a practice we suggest adopting. We recommend removing detailed technical definitions from the standard or, if necessary, relocating them to a supporting appendix. A streamlined list of essential definitions should remain in the main body [SRS1, 7].

Evolving Climate Disclosures: Ensuring Continuous Improvement [SRS1, 7 (Definitions)]

152. IPSASB should consider including PPPs with alternative primary objectives but significant climate-related outcomes. While this would necessitate the introduction of a significance-based criterion for reporting - rather than relying on self-designated ordering – overall this is necessary to make the PPP-related disclosures useable.

153. Any adjustments to the definitions should be made in conjunction with continued consideration of the underlying disclosures in the next stage of the Standards development by IPSASB. This ensures that the definitions remain aligned with the evolving requirements and are tailored to the specific needs of public sector reporting.

SMC5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31)

Length, detail, and utility to primary users

154. We are concerned about the level of detail and potential repetition in the proposed disclosure requirements, particularly for qualitative aspects. IPSASB should test these requirements with a large public sector body managing PPPs to assess preparation challenges (e.g., timing, clearance) and utility to users (e.g., length, detail). We support IPSASB's Sustainability Implementation Forum (SIF) to pilot SRS1 with a small group of supportive entities.

155. Overly burdensome reporting risks unintended sustainability impacts (e.g., increased Scope 3 emissions from larger files/longer documents) and diverts resources from implementing climate policies. Proportionate and practical requirements are essential to ensure effective and efficient reporting.

156. In developed countries, it is expected that common frameworks and guidance may be applied across various segments of the public sector. Including extensive information in the GPFR could reduce its overall usability – particularly when an identical process is used by other bodies in the same jurisdiction.

Avoiding Boilerplate Disclosures: Enhancing Relevance and Specificity [AG1.21–AG1.22 (Climate Risks and Opportunities)]

157. The strategy disclosures should focus on the entity's primary goals, which for public sector bodies are service delivery and resource management, whereas the primary focus of IFRS S2 is maximising long-term shareholder value. This distinction should be reflected in the standard, incorporating elements such as impact reporting, strategic objectives, or alignment with frameworks like the UN SDGs.

158. IPSASB should evaluate the potential quality of the resulting disclosures and assess whether they risk devolving into generic, boilerplate statements that lack meaningful insight.

Strategy: Challenges and Suitability of PPPs

159. PPPs are a cornerstone of government strategy, designed to translate manifesto commitments into measurable outcomes that address societal priorities. They align policy objectives with tangible results (measured via KPIs), supporting goals such as economic growth, sustainability, and social equity.

Primary Users' Informational Needs

160. While PPPs and their delivery are crucial for holding governments to account, service recipients are generally more concerned with the impacts rather than the outcomes. Further outreach to primary users could help ensure that disclosed information better aligns with their needs.

Independence in Outcome Setting

161. Governments determine the outcomes and KPIs linked to individual PPPs. As a result, primary users are reliant on government-led policy design to assess progress. This may limit the relevance of selected outcomes in addressing the informational needs of primary users, interested in social value (as well as value for money and long-term fiscal sustainability). Accountability for delivering PPPs is often via parliamentary debate, media scrutiny, and election cycles.

Changes in Government (Elections)

162. PPPs are often closely tied to a government or administration, driven by manifesto commitments and ministerial announcements. Changes in government, such as after elections, can create significant challenges in clearing GPFRs - particularly for qualitative or judgment-based disclosures. Even shifts within the same government, such as changes

in leadership or administration, may complicate the reporting process and the consistency of disclosures.

Aligning Public Sector Reporting with UN SDGs and Other Frameworks

163. PPPs are often intrinsically linked with a government or administration. Government sets outcomes (and KPIs) to link to individual PPPs. A much more effective approach would be to use an existing external agreement or framework (e.g., UN SDGs, UNFCCC), which would provide a level of objectivity to information.

164. In our PCR, we supported IPSASB's proposal to prioritise the UN SDGs[6] (PCR, para. 14), and we remain of this view. Leveraging established international frameworks that have been ratified by jurisdictions would support broader adoption of SRSs and promote more comparable and consistent disclosures.

165. If full integration is not possible, SRS1 should outline how PPPs and outcomes align with SDG goals and subgoals and detail the global indicators they impact. This approach would provide jurisdictions with a clear framework to connect sustainability reporting to global objectives, fostering comparability and alignment across disclosures.

Enhancing Comparability in Public Sector Climate Disclosures

166. Detailed reporting on PPPs and their outcomes is unlikely to achieve meaningful comparability across jurisdictions or sectors. Therefore, a less detailed set of disclosure requirements would likely have minimal impact on overall comparability. Instead, the focus should be on specific, comparable areas, ideally linked to external agreements and frameworks, to enhance consistency and relevance. This is addressed further in CM6.

Strategy: Disclosure Requirements

Transition Plans: Managing the Shift Towards Low-Carbon Operations [SRS1 11(c), AG2.24(d)ii. (Strategy)]

167. For policy-setting or regulatory bodies, information on transition plans for the industries or sectors they oversee would be more useful. This information is unlikely to be captured by own operations or CR-PPP disclosures unless a CR-PPP is specifically designed to do this.

168. While transition plans are referenced in CR-PPP disclosures [AG2.24(d). ii], they are not included in the Strategy disclosures in the main body of the standard. The definition [SRS1, 9] describes transition plans at an entity level. It's unclear from the standard whether CR-PPP transition plans are meant to be entity-specific, industry-level, or national-level.

169. Sectoral or industry-wide transition plans from policy-setting bodies, particularly those covering carbon-intensive actors, could provide valuable insights. Transition plans should be integrated into the CR-PPP Strategy requirements in the main body of the standard,

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[6] All 193 United Nations member countries endorsed the SDGs in 2015. However, we acknowledge that reporting against the SDGs is voluntary, with many countries opting not to undertake Voluntary National Reviews or doing so infrequently.

though we maintain strong reservations about the scope and approach for CR-PPP disclosures.

Other Impacts of PPPs Over Time [SRS1, 12(c)]

170. The ED provides detailed requirements for scenario analysis in its own operations disclosures [AG1.39–1.63] but only briefly mentions its consideration in CR-PPP design. Given that some CR-PPPs have long-term impacts, additional guidance on when and how to apply scenario analysis to these disclosures would be beneficial.

171. In our view, considering CR-PPPs' evolving impacts/effectiveness - not just the long-term fiscal sustainability information - would be helpful.

SMC6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)

172. Successful PPPs require clear objectives, a robust implementation framework, measurable targets, and alignment with policy goals. Effective delivery tracking, including reporting against KPIs and transparent progress reviews, ensures accountability and continuous improvement, advancing government priorities while maintaining public trust.

Integrating the UN SDGs into Public Sector Reporting [SRS1, 27 (Targets for achieving intended outcomes of CR-PPPs) B.AG28-B.AG33]

173. In the UK, the UN SDGs are embedded within the planning and performance framework used to agree to spending plans with HM Treasury. Annual reports monitor progress against agreed plans using Key Performance Indicators (KPIs), and departments are required to identify how their performance contributes to specific SDGs.

174. While we have raised concerns, including challenges in mapping statistical indicators to individual entities, the voluntary nature of reporting, and its Western-centric perspective, the SDGs provide a widely recognised and broadly ratified baseline. They also offer a coherent framework to ensure consistency in sustainability reporting and to identify how different topics interact across goals and subgoals.

175. As additional sustainability-related topics are addressed in future SRSs, the UN SDG framework offers a clear and consistent structure for reporting across various areas. It also helps to identify interconnections between sustainability topics, highlighting how different goals and subgoals inform and interact with one another.

176. Incorporating the SDGs into SRSs may also encourage governments to disclose politically sensitive information. For example, Subgoal 12.c aims to rationalise inefficient fossil-fuel subsidies, with Indicator 12.c.1 measuring subsidies per unit of GDP. While challenges remain with the voluntary nature of SDG reporting, embedding these principles into the standards could promote greater transparency and accountability (and support delivery/consistency with future SRS topics).

177. For the reasons set out previously, and our concerns with such close alignment with IFRS S2 requirements, we recommend that the UN SDGs are incorporated into the ED and the SRS framework more generally providing a clear path to future reporting topics.

Application of GHG Protocol in Public Sector Emissions Reporting [AG2.36]

178. Should IPSASB continue with the proposed CR-PPP disclosure requirements, it should encourage the use of national emissions measurement and statistical frameworks. While the GHG Protocol focuses on attributing emissions, consequential emissions may offer more useful information for decision-making and accountability purposes. Supporting explanations should be included in the guidance.

179. CR-PPP outcomes are designed to have broad impacts, typically measured at a national (or usually at an industry level minimum). The GHG Protocol is designed for corporate GHG accounting, making it unsuitable for national or economy-wide emissions tracking. It focuses on Scope 1, 2, and 3 emissions, while national inventories typically use territorial-based accounting. Using the GHG Protocol at a national level could lead to double counting, inconsistent data coverage, and boundary misalignments, limiting its effectiveness for large-scale emissions tracking.

180. For national-level emissions reporting, statistical techniques and IPCC-compliant methodologies are more appropriate. Governments typically rely on energy balance sheets, industrial activity data, and national surveys to produce GHG inventories. Input-Output models can help estimate consumption-based emissions, accounting for imported carbon footprints and sectoral interdependencies.

181. While the GHG Protocol may provide insights, national GHG inventories remain the gold standard for comprehensive, reliable, and policy-relevant emissions reporting. Using existing reporting frameworks (UNFCCC, UNSDG indicators) may support preparers to develop CR-PPP disclosures.

Scope 4 (avoided emissions)

182. Scope 4 could play a significant role in emission reduction efforts due to greater controllability in the public sector. This would be particularly useful when considering metrics associated with climate PPPs. This may be worth exploring within CR-PPPs (although we recognise the challenges with this type of information).

SMC7: Conceptual foundations (paragraphs B2–B15)

183. We agree with IPSASB's approach to target GPFRs to primary users rather than multiple stakeholders. However, we believe the primary users of public sector GPFRs have broader informational needs than the ED currently addresses, particularly given its narrow focus on long-term fiscal sustainability.

184. For fair presentation, para. B3.a) applies the narrow consideration of the *long-term fiscal sustainability of the entity*. The IPSASB Conceptual framework, however, defines broader considerations including the delivery of public services. As covered previously, these should be applied to SRS1.

185. In practice, the approach to materiality and disclosures for these broader informational needs aligns more closely with multistakeholder frameworks such as the UN SDGs, Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRSs) - rather than private sector-oriented standards like IFRS S2. While private sector entities primarily aim to maximise shareholder value, public sector bodies have a wider set of objectives,

including service delivery, economic regulation, and maintaining social order—all of which must be achieved while maintaining long-term fiscal sustainability.

186. We do not believe the proposed definition of materiality, as based on the IPSASB Conceptual Framework, fully meets the informational needs of primary users of climate-related disclosures. Long-term service and programme sustainability must often be considered separately from long-term fiscal sustainability, as identified in B.AG28. These needs include access to information on:

- Impact against the UN SDGs
- Environmental stewardship
- Programme and policy outcome effectiveness
- Long-term value creation

187. These elements are critical for accountability and decision-making and extend beyond fiscal considerations alone.

The Role of Integrated Reporting in Public Sector Climate Disclosures

188. The UK public sector's integrated reporting approach, combining performance and financial information, offers cohesive insights that enable efficient and effective assessment by primary users. For PPPs, the interlinkage of sustainability-related information with broader public sector strategy is particularly pronounced. A focus solely on long-term fiscal sustainability fails to provide users with a complete picture, as noted in SMC3.

189. Similarly, Strategy and Metrics and Targets-related disclosures for an entity's own operations risk excluding significant information (e.g., environmental stewardship), as highlighted in SMC2.

190. The ED's focus on long-term fiscal sustainability, particularly in the main body of the Standard, does not adequately address service delivery or wider public sector objectives. Although Appendix 1 of the Application Guidance suggests an extension to an entity's ability to fulfil its objectives [AG1.8], it is unclear whether this encompasses broader sustainability factors or remains narrowly focused on financial considerations. More clarity on this is needed.

Strategic Resilience

191. The ED's emphasis on operational resilience overlooks the importance of strategic resilience, which is essential for primary users concerned with effective and efficient service delivery over the long term. Strategic risks and opportunities should be embedded throughout the ED to better link climate-related information to an organisation's future planning and decision-making. Strategic risks for public sector bodies are often quite different to strategic risks for private sector bodies.

Trade-offs, interactions, and cohesive reporting

192. Sustainability-related topics, including climate, are interdependent, and trade-offs between performance on different topics (as well as long-term fiscal sustainability) must

be transparently conveyed. An integrated reporting approach would enable this and provide a foundation for addressing future IPSAS SRSs.

Building a Resilient Sustainability Reporting Framework [B2–B15 (Conceptual Foundations)]

193. While we recognise IPSASB's ambition to deliver a Climate Standard at pace, we strongly recommend addressing these conceptual foundations first. Doing so will not only improve this Climate Standard but also support the development of cohesive future IPSAS SRSs.

194. The benefits of integrated reporting will become more evident as IPSASB expands its sustainability standards. For example, the ISSB's anticipated BEES Standard will likely necessitate a broader view of environmental stewardship, especially in the public sector.

195. Furthermore, establishing a conceptual framework that integrates performance reporting, sustainability-related disclosures, and their linkage to financial statements would enable IPSASB to address sustainability topics independently. This approach would allow the development of standards aligned with public sector priorities, rather than relying on the ISSB to finalise standards that may not address public sector priorities.

196. A Conceptual Framework for Integrated Reporting, incorporating the principles of Recommended Practice Guideline (RPG) 3 (addressing programme outcomes and policy effectiveness) alongside additional requirements for public sector responsibilities (e.g., SDG impacts and environmental stewardship), would deliver the comprehensive and actionable guidance needed for public sector sustainability reporting.

SMC8: General requirements (paragraphs B16–B46)

197. In our view, the ED draws too heavily from IFRS S2, and further consideration is needed for the broader informational needs of primary users in the public sector [BC7]. While we remain of the view that annual reports should be aimed at primary users - compared to a multistakeholder approach – the informational needs of these users are much broader – refer to SMC7.

Practical Considerations for Public Sector Preparers Applying the SRS Framework

198. The standard is overly technical and not feasible for all public sector bodies, such as smaller local authorities, to implement effectively. Jurisdictions applying IFRS S2 often set thresholds to exempt smaller entities from full compliance, but it is unclear whether IPSASB intends jurisdictions to apply di minimis thresholds.

199. In our view, SRSs should be widely adoptable by public sector bodies; however, such close alignment with detailed IFRS S2 requirements is unlikely to deliver a cost-benefit or meet primary users' informational needs.

200. Furthermore, as IPSASB allows for the SRSs to be adopted independently from the IPSAS Accounting Standards [SRS1, 6], jurisdictions with cash-based accounting or limited resources may want to adopt these disclosures. In the ED's current form, we expect this would be challenging.

201. We strongly recommend that IPSASB consider the intended audience for these standards and adjust the guidance and requirements accordingly. This approach would be more

efficient than individual jurisdictions having to make these decisions, encourage uptake of the SRS framework, as well as promote the delivery of a more consistent and comparable set of sustainability-related disclosures across entities and jurisdictions.

Integrated reporting [B22-25]

202. Without an integrated report which includes management commentary (or strategic and performance-based information) - alongside the GPFR – the overall utility and usability of these disclosures for primary users is very limited. While this is important at a conceptual level, this approach needs to be embedded into the underlying disclosures in the development of the Standard – particularly any CR-PPPs and own operation disclosures related to Strategy and Metrics and Targets (addressed later).

203. While IPSASB Accounting Standards supports separate and standalone GPFRs, the overlap of sustainability-related topics with broader public sector performance information necessitates an integrated report. This is more pronounced for public sector bodies, that deliver services and have wider responsibilities, compared to the narrower focus of companies to maximise shareholder value.

204. Unless jurisdictional or regulatory requirements preclude an integrated report - in our view, this should be mandated. Clear guidance on delivering cohesive management reports and GPFRs may be helpful in such jurisdictions.

205. Where public bodies adopt SRS 1, a significant portion of the GPFR would be taken over by sustainability disclosures. Considering the proportionality of these disclosers in the context of the report as a whole would be helpful. Other general information may be considerably more helpful to primary users. (e.g., governance, risk management process, overall performance). Setting detailed requirements not only increases costs and pressure on preparers but is likely to significantly increase the preparation time. Accountability goes down the drain if timeliness is not achieved.

Timing [B26-31]

206. We support the publication of climate-related disclosures alongside financial statements. However, CR-PPP disclosures may face additional clearance challenges due to their inherently political nature. PPPs are often set by governments and involve strategic decisions tied to policy outcomes rather than financial information which is less subjective.

207. If there is a change in administration or government between the year-end and the publication date, public bodies may encounter significant difficulties in clearing disclosures. The previous administration is no longer available to approve performance-related information, and the incoming administration may politicise the disclosures, disagree with their drafting, or deprioritise reporting on discontinued PPPs.

208. Encouraging the use of key generally accepted national statistics as the KPIs selected during the PPP design phase to monitor performance may reduce this risk. Furthermore, linking CR-PPP impacts to an external framework such as the UN SDGs, rather than to measurements tied to a specific administration, could help ensure consistency, reduce political friction, and simplify the clearance process.

SMC9: Transition (paragraphs 30–33)

209. In our opinion, significant changes are required to the ED before it is finalised as a Standard. If IPSASB implements these changes, we recommend revisiting the proposed transition reliefs to reflect the more substantial adjustments in approach. While this may require a longer adoption timeline, it would ultimately result in more useful and practical disclosures.

210. A significant shift in public sector climate-related reporting - either aligned with this ED or a modified approach – would likely necessitate a longer implementation period for the adoption of requirements, likely extending beyond the two-year transition period currently proposed. Disclosures will take longer to develop compared to the implementation of a new IPSAS Accounting Standard. These challenges are likely to be more prevalent in jurisdictions with limited capacity and resources, such as developing countries.

211. In our view, the transition reliefs are unlikely to be helpful for the majority of preparers. Instead, clearer guidance on implementation steps would be more beneficial. We have, however, answered SMC9 for each query.

Separation of Climate-Related Disclosures [31. (a)]

212. Although we emphasise the importance of integrated reporting, we support allowing delayed publication of climate-related disclosures due to the significant implementation and clearance challenges such reports are likely to face.

Scope 3 Emissions: Assessing Materiality and Reporting Challenges [SRS1 31. (b), 17(a)(i), (c) (Metrics and Targets)]

213. Given our concerns about mandating Scope 3 reporting for public sector bodies, we support delaying the introduction of related disclosure requirements. In our view, the transition period of one year is likely to be insufficient for developing robust reporting processes, particularly given the significant variability in Scope 3 reporting quality across industries and the uncertain costs associated with data collection.

Climate-related Public Policy Programmes for Emissions Reporting [31. (c)]

214. We agree with the transition relief for disclosing GHG emissions related to CR-PPPs. However, we anticipate that delivering these disclosures will require significantly longer than two years.

SMC10: Other Comments

Structure

215. In our opinion, the structure of the ED is overly complex and challenging to follow. This may stem from its close alignment with IFRS S2, which we believe serves a different reporting purpose that is not fully aligned with the needs of a public sector audience. This misalignment results in a significant portion of the appendices of Application Guidance being dedicated to clarifying requirements. Additionally, some CR-PPP information appears to be inserted into the ED guidance without being fully integrated, further contributing to its complexity and reducing its effectiveness.

Timing: Ongoing IFRS S endorsement and Future Proofing

216. We acknowledge IPSASB's efforts to develop a Climate Standard at pace. However, as some jurisdictions are still in the process of endorsing and incorporating IFRS Sustainability Standards into national and regional regulation and statute, and the resulting annual reports have not yet been widely seen, it may be prudent for IPSASB to consider these developments before finalising a standard which is so closely aligned.

217. As SRSs represent a significant shift in approach and conceptualisation, evaluating implementation challenges and the resulting disclosures in the private sector (under IFRS S2), and what a sample of annual reports look like, could offer valuable insights before introducing a very closely aligned standard. This additional time would also allow IPSASB to consider more far-reaching consultation responses and evaluate how this standard will interact with potential future SRSs.

Publishing details of discussions and decisions

218. While we acknowledge the challenges involved in publishing certain aspects of the ED development – which IPSASB has now done - further insight into the conceptual challenges, overarching approach, and adaptation decisions would be extremely helpful from a CTWG perspective.

219. Although the Basis for Conclusions provides some information, it does not sufficiently address some of the issues that were raised collectively and individually. Our involvement in the CTWG facilitated useful group discussions and some solutions to these challenges. However, several key conceptual issues raised during CTWG sessions do not appear to have been adequately addressed in the final ED (or explained in the Basis for Conclusions).

UK's Implementation of TCFD-Aligned Climate Disclosures

220. The UK government made the decision to adopt TCFD-aligned disclosure across the economy in 2021. In September 2022, HMT made the decision to mandate TCFD-aligned disclosure across central government, while developing application guidance which could be applied across the whole UK public sector.

221. The comply or explain basis for disclosure, in part, is to recognise the capacity gap, change in approach, and the public sector risks that we have not specifically addressed in the application guidance. Using a three-year phased implementation is allowing central government bodies to build up expertise and work collaboratively to identify and address reporting issues (and areas where further guidance is needed) over a longer time frame. We considered what the purpose and benefit of this type of climate-related reporting was for the public sector – to improve the management of these longer-tail climate risks by the sector, in the policies government pursues.

222. The TCFD recommendations are framework-based - rather than a standard – focused on driving better climate-related disclosures. Using the higher-level recommended disclosures (compared to IFRS S2 requirements) allowed us to develop reporting requirements which leveraged off other mature national frameworks with historic data and that were specifically tailored for the UK (e.g., risks, structure). This has simplified implementation.

223. We recognised the original audience for TCFD recommendation was different (i.e., financial institutions, multinationals). The adapted and interpreted TCFD recommended disclosures set out reporting requirements which met user informational requirements (explored with significant outreach). This incorporated reporting on risks, risk processes, governance, and performance (including broader social value considerations, UN SDGs, environmental outcomes),

224. UK central government bodies are yet to fully implement the TCFD recommendations; however, we're working with them to highlight best practice and exploring innovative approaches to meeting the requirements.

225. Having experienced some of the difficulties in interpreting and adapting a private sector reporting framework, we recognise the challenge IPSASB face in developing a widely adoptable standard. However, the benefits of ensuring a high-quality usable standard, which meets the needs of primary users, and has the right cost-benefit balance for prepares is integral to taking the SRSs forward.

Annex 1

In the UK, we have carefully considered the purpose and focus of reporting when assessing the differences between public and private sector bodies. The following key differences shape our approach, and we have proposed corresponding changes in the ED:

	Public Sector	Private Sector	Proposed changes
Objectives and mission	Focuses on delivering public services, addressing societal needs, and building public value. Success is measured by social impact, equity, and efficiency rather than profitability.	Primarily aims to maximise shareholder value, profit, and market share. Strategy is driven by financial performance and competitive positioning.	The focus should be on delivering public services, addressing societal needs, and building public value. Emphasise the integration of social value considerations, such as environmental stewardship, into the reporting framework. This would align with the broader mission of public sector entities to deliver public goods and services.
Funding and revenue	Funded through taxes, government allocations, and public borrowing. Strategies often involve resource allocation to achieve policy goals within budget constraints.	Generates revenue through the sale of goods and services. Strategies are profit-driven, with a focus on market demand and cost efficiency.	Public sector funding relies on taxes, government allocations, and public borrowing, with strategies aimed at achieving policy goals within budget constraints. The standard should be adapted to reflect these unique mechanisms, moving away from private sector frameworks centred on cash flows and enterprise value.
Risk appetite	Typically risk-averse for public accountability and prioritizing stability and public trust.	Often more willing to take risks to achieve innovation, growth, and competitive advantage.	Public sector entities are typically risk-averse, prioritising stability and public trust. Governance disclosure requirements should be simplified to focus on strategic risks and opportunities relevant to public sector governance, emphasising the management of systemic risks like climate adaptation and resilience.

	Public Sector	Private Sector	Proposed changes
Time horizons	Strategies often have longer-term perspectives to address systemic issues (e.g., infrastructure development, sustainability, and social welfare).	Short-term focus on financial results, with some long-term sustainability goals.	Public sector strategies often have longer-term perspectives to address systemic issues. The standard should extend its focus to include long-term service delivery and policy outcomes (not solely long-term fiscal sustainability), providing guidance for integrating long-term planning and strategy into climate-related disclosures.
Metrics and success	Success is measured by service delivery, societal impact, and alignment with policy objectives (e.g., improving education).	Success is measured by financial performance (e.g., revenue, profit margins) and market-based metrics (e.g., market share).	Disclosure requirements should prioritise material information on public sector aspects (e.g., service delivery, societal impact, and alignment with policy objectives) encouraging the use of metrics that reflect the public sector's role in achieving policy goals and delivering social value, rather than focusing on financial performance metrics.