Ministry of Finance
Republic of Poland

Value for Money and Accounting Department

Warsaw, 28 lutego 2025

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Ian Carruthers
Chair

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

Exposure Draft - IPSASB SRS ED 01 – Climate-related Disclosures

Dear Mr Carruthers,

we are pleased to respond to the invitation by the International Public Sector Accounting Standards Board to comment on the Exposure Draft SRS ED 01 – Climate-related Disclosures. We support IPSASB efforts to improve the Standard. We welcome that the IPSASB proposed a comprehensive approach towards climate-related disclosures issue.

We present comments in the Appendix 1 hoping that they will be of value for the IPSASB in further work on the final Standard. In Appendix 2, we would like to share information gathered during a webinar on the IPSASB SRS ED1 organised by the Polish Ministry of Finance.

Should you have any questions on our comments do not hesitate to contact myself or Agnieszka Stachniak (Agnieszka.Stachniak@mf.gov.pl).

Yours sincerely,

Joanna Stachura
Dyrektor Departamentu Efektywności Wydatków Publicznych i Rachunkowości

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Appendix 1 to the letter of 28th February 2025:
Comments on IPSASB SRS ED 01 *Climate-related Disclosures*

Specific Matter for Comment 1: Public sector operations and regulatory role (paragraphs 1-4)
This Exposure Draft requires a public sector entity to provide disclosures about (i) the climate-related risks and opportunities that are expected to affect its own operations, and (ii) climate-related public policy programs and their outcomes when an entity has responsibility for those programs and their outcomes. Do you agree the proposed approach meets the information needs of primary users (see paragraphs 1–4)? If not, what alternative approach would you propose and why?

We support the approach applied by the Board. Reporting by those entities that are entitled to set up public policy programs, along disclosing information on own operations, should allow to correctly address the most important public sector characteristic (sovereign powers) and it is necessary to correctly present public sector specificity.
Having said that, we would like to underline that some additional clarification/guidance might be needed in terms of classifying activities as own operations or public policy. In current proposal public policy programs are to be reported by those entities which introduce such programs. Nonetheless, some public policies are set up by the government (council of ministers) or the parliament which themselves are not reporting entities. Such policies are then operationalized by governing bodies (government agencies) – still such agencies themselves do not introduce policies. In such cases programs would not be reported as public policy (neither by agency nor by the government/parliament), and such programs should not be reported as agency's own operations. Consequently, we suggest considering that public policy programs are reported by entities which govern/manage them (highest level reporting entity responsible for such policies).
We would also like to suggest that the definitions of own operations and public policy programs are reconsidered and that additional guidance is added to differentiate between those. If own operations "include all of the activities in an entity's operational model", it cannot be excluded that there is a public sector entity, whose main objective is to design, introduce and monitor implementation of climate-related public policy programs as defined by the ED. It seems to be overlap between the definitions and we would suggest introducing a principle which one prevails in this case.

Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance – Own Operations)
The Exposure Draft primarily aligns disclosure requirements about an entity's own operations with private sector guidance (IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*), with public sector guidance, including a rebuttable presumption that entities use the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), unless another established method of measuring its greenhouse gas emissions is more appropriate or required by a jurisdictional authority (see paragraph AG1.72). Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?

We support the approach applied by the Board. In our opinion entities' own operations represent the area in which there is not many issues which might be considered as sector specific. Therefore, the proposed alignment with IFRS S1 and S2 (i.e. with global private sector standards) is understandable. Nonetheless, we would like to point out, that in EU's environment both public and private sector entities are more ESRS oriented. For those jurisdictions there may be an additional layer of complexity in considering public sector sustainability reporting basis.

Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6)
This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes. Do you agree with this approach and the scope of public policy programs included in required disclosures? If not, what alternative approach would you propose and why?

We partially support the approach applied by the Board. The draft focuses on the most important public policies (those which have climate related outcomes as primary objectives). Nonetheless, there may be some major public policies that significantly impact climate, but they are not climate oriented (e.g. strategy to support a certain industry). In such a case information on those policies and their outcomes would not be reported. If activities carried out in connection with those public policies are not a part of own operations of any public sector entity – potentially material for the public sector climate-related information would not be disclosed at all.

Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)
This Exposure Draft provides public sector-specific definitions and related guidance for: (a) Public policy programs; (b) Public policy program outcomes; and (c) Climate-related public policy programs.
Do you agree with the proposed public sector-specific definitions and guidance? If not, what alternative definitions would you propose and why?

As for climate-related public policy program we would like to express some doubts, as not all public policy programs which have significant impact on climate actually have the climate set as its primary objective (see answer to comment 3). We would suggest expanding the scope of this definition so that it covers also those programs which substantially impact climate, even though it is not its primary objective.
See also comment 1 with reference to interlinks between definition of public policy programs and own operations.

Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31)
This Exposure Draft proposes disclosure requirements about an entity's strategy for climate-related public policy programs which include information that enables primary users to understand the entity's strategy and decision-making, anticipated challenges to achieving intended outcomes and financial implications of the climate-related public policy program.
Do you agree that the disclosure requirements on strategy for climate-related public policy programs meet the information needs of primary users? If not, what alternative approach would you propose and why?

We support the approach to climate related public policy programs' strategy proposed by the Board. In our opinion the scope of information mentioned in the draft allows users to understand the nature of such program.

Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)
This Exposure Draft proposes to require disclosures about metrics and targets, including (a) the change in greenhouse gas emissions reasonably attributed to climate-related public policy programs and (b) other metrics to measure and monitor performance in relation to climate-related public policy programs. Do you agree these disclosures meet the information needs of primary users of the report (see paragraph 26)? If not, what alternative approach would you propose and why?

We see no other approach towards metrics and targets which would be general in its nature and at the same time would better demonstrate the climate related public policy program's outcomes.

Specific Matter for Comment 7: Conceptual foundations (paragraphs B2–B15)
This Exposure Draft includes conceptual foundations aligned with the IPSASB Conceptual Framework including the definition of materiality (see paragraphs B8–B10) and primary users of public sector general purpose financial reports (see paragraphs B.AG28–B.AG33). Do you agree that the proposed definition of materiality based on the IPSASB Conceptual Framework meets the information needs of primary users for climate-related disclosures? If not, what alternative approach would you propose and why?

We support the proposed approach which ensures consistency of the draft's conceptual foundation with IPSASB Conceptual Framework. The issue of materiality seems to be most important aspect in relation to the climate related disclosures and ensures the requirements proposed by the draft are not too extensive. Nonetheless, we would like to point out that in respect of public policy programs materiality should be assessed on two levels and programs disclosures are omitted as immaterial when both policy inputs and its outcomes (impact on climate) remains non-material.

Specific Matter for Comment 8: General requirements (paragraphs B16–B46)
This Exposure Draft includes general requirements aligned with private sector guidance (IFRS S1) including the requirements for (a) an entity to include its climate-related disclosures in its general purpose financial reports (see paragraphs B22–B25) and (b) an entity to report its climate-related disclosures at the same time as its related financial statements (see paragraphs B26–B31).
Do you agree that the disclosure requirements proposed in the general requirements are appropriate for public sector entities? If not, what alternative approach would you propose and why?

We support the proposed approach and linkage of climate related disclosures to the general purpose financial report as in our opinion it helps users to better understand the nature of all entities' activities and connectivity and consistency between financial and sustainability information.
Although it is worth mentioning that the variety of ways of presentation of the climate-related disclosure in the entity's general purpose financial report, described in the ED (see paragraphs B.22-B.23), may have a crucial impact on the comparability of the information between entities, especially in different jurisdictions. The information may also be dispersed among different reports. The ED says in B24 that climate-related disclosures should be clearly identifiable and not obscured by additional information. However, we are of the opinion that the principle of clear separation of this information in the form of separate report or a separate section within a report should be included in the standard.

Specific Matter for Comment 9: Transition (paragraphs 30–33)
This Exposure Draft proposes to provide transitional relief only in the first year of adoption (see paragraphs 30–33) for disclosures relating to an entity's own operations and where applicable, relating to climate-related public policy programs and their outcomes. Do you agree that the proposed transition provisions approach should be applicable to both own operations and climate-related public policy programs? If not, what alternative approach would you propose and why?

We support the approach under which the transition relieves are offered both to own operations and public policy programs. One year relief also seems to be justified when it comes to reporting comparative data. Nonetheless it might be necessary to expand the transition relieve which relate to emission scope 3 which seems to be particularly challenging in terms of data gathering. We would also like to suggest transition relieves are expanded. It is possible to offer additional 3-5 years of relief in case of disclosures that entity would classify as particularly challenging. In such cases „comply of explain" approach would be justified (when entity would be obliged just to explain why it is not able to gather required data). In our opinion the most important aspect of introducing sustainability reporting to public sector entities is to ensure those entities that they are in a position to deliver such reports without unnecessary burdens. If too many detailed disclosures are required too early (when IT systems are not updated, staff is not trained and data is not gathered) there is a risk entities will be discouraged to sustainability reporting and change resistance will be high (particularly, having in mind the recent trends of perceiving climate related agenda).Therefore flexible transition relieves, that enable gradual commitment by disclosing first some information and then expanding its scope, could make it easier for the public sector entity to take the path towards sustainability reporting.

Specific Matter for Comment 10: Other Comments
Do you have any other comments on the proposed Exposure Draft?

We would like to raise some doubts in terms of a requirement to disclose emissions' scope 3. We understand this information is enclosed in GHG protocol and therefore this data is required in order to ensure consistency of climate related information. Nonetheless, data gathering in terms of scope 3 emissions remains particularly difficult. It is highly work-, fund- and time-consuming and it is not adjusted to the reporting capacities the great majority of small and medium size public sector entities, whose access to proper expert knowledge remains limited. Additionally, those requirements are linked to minor emissions. Therefore we would opt for limiting the requirement to disclose scope 3 emissions to big entities only (currently small and medium size entities may rely in this matter only on materiality concept, but it may not be clear for them whether they are allowed to entirely omit this information in their disclosures). We would also like to opt for additional relieves for controlled entities. We are of the opinion that if a proper information for the entire group is disclosed by the controlling entity in the consolidated general purpose financial report then all controlled entities should be free to choose whether they want to additionally disclose that information on their own.

It is also important to note that the general character of the requirements set by the ED creates a need for a more detailed methodology being developed on the national level. We recognize the IPSAS SRS ED 01 as a starting point in development of sustainability reporting practice in public sector. Our stakeholders underlined that although they see vital impact of the public sector on the climate and need to consider climate related risks and opportunities in long term fiscal sustainability, reporting and data gathering would be a major challenge for the public sector entities taking into consideration scarcity of their resources. So that detailed guidelines will be necessary to support public sector entities in sustainability reporting.

Appendix 2 to the letter of 28th February 2025:
WEBINAR on IPSASB SRS ED 01 Climate-related Disclosures
(31th January 2025)

Polish Ministry of Finance (Value for Money and Accounting Department) organized a WEBINAR on a project of the new IPSASB sustainability reporting standard (IPSASB SRS ED 01 *Climate-Related Disclosures)*. The WEBINAR (hosted via Microsoft Teams) was open to the general public. The information was disseminated via the Ministry of Finance's website (link) and additionally distributed to over 300 professionals via e-mail.

The objective of the WEBINAR was to:

- disseminate information on the Exposure Draft and its content;
- gather feedback from Polish constituents;
- raise awareness on public sector sustainability reporting.

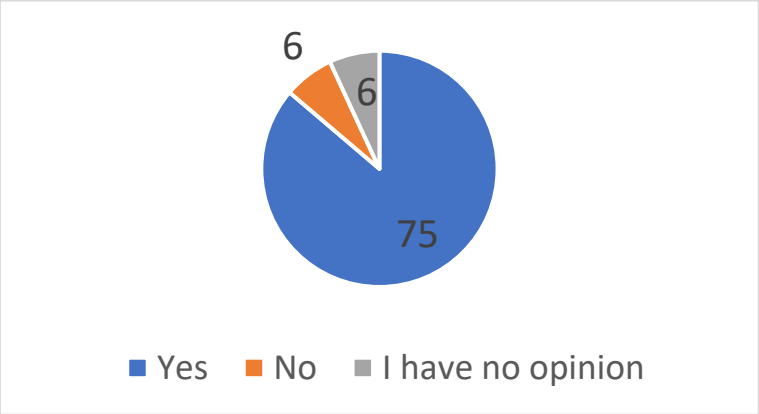
Meeting was chaired by deputy director at Value for Money and Accounting Department Agnieszka Stachniak (CAG member). Agnieszka Stachniak set the scene by giving introduction to the sustainability reporting agenda in public and private sectors, both at the EU and international level. The main points of the Exposure Draft were presented by Michał Bareja – Department's staff. The presentation on the ED was the Polish translation of the presentation made available at the courtesy of the IPSASB.

The number of attendants reached 200 persons. The attendees represented such institutions as:

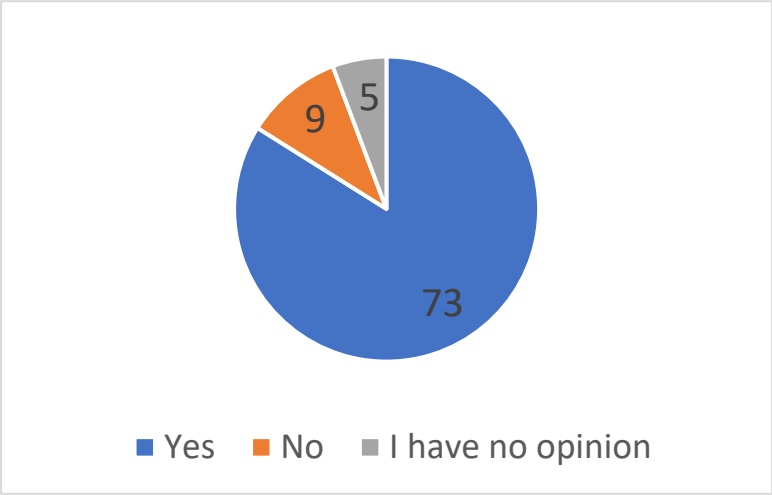
- government ministries, departments and other organisations;
- audit and accounting firms;
- local government administration;
- academia;
- central and commercial banks.

After ED's presentation and discussion, a survey was held (via Microsoft Forms) to gather participants immediate feedback. The results of the survey are as follows:

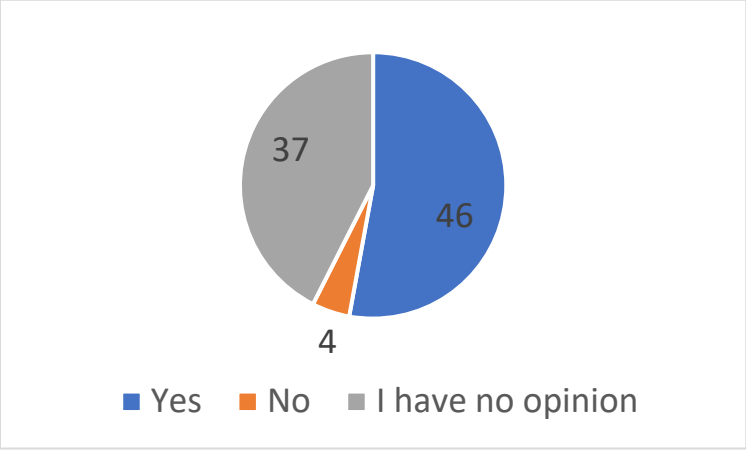
Question 1. **Do you agree that there is a need to develop sustainability reporting standards for the public sector?**



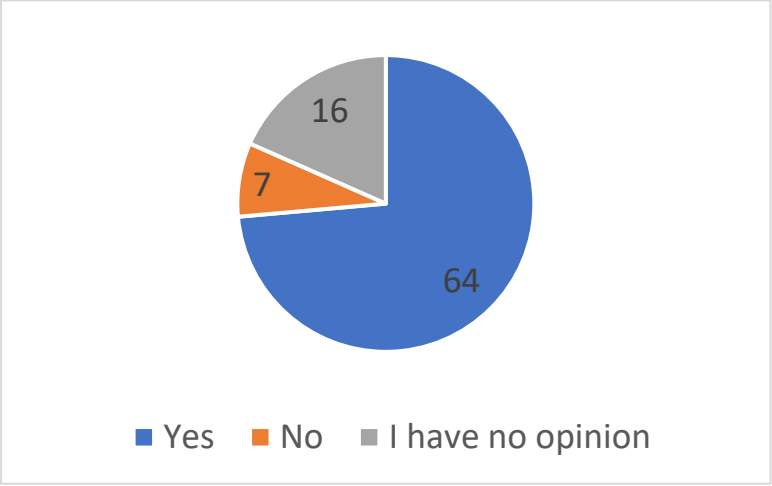
Question 2. **Do you agree that due to the nature of the public sector, disclosure of information about public policy programs is necessary?**



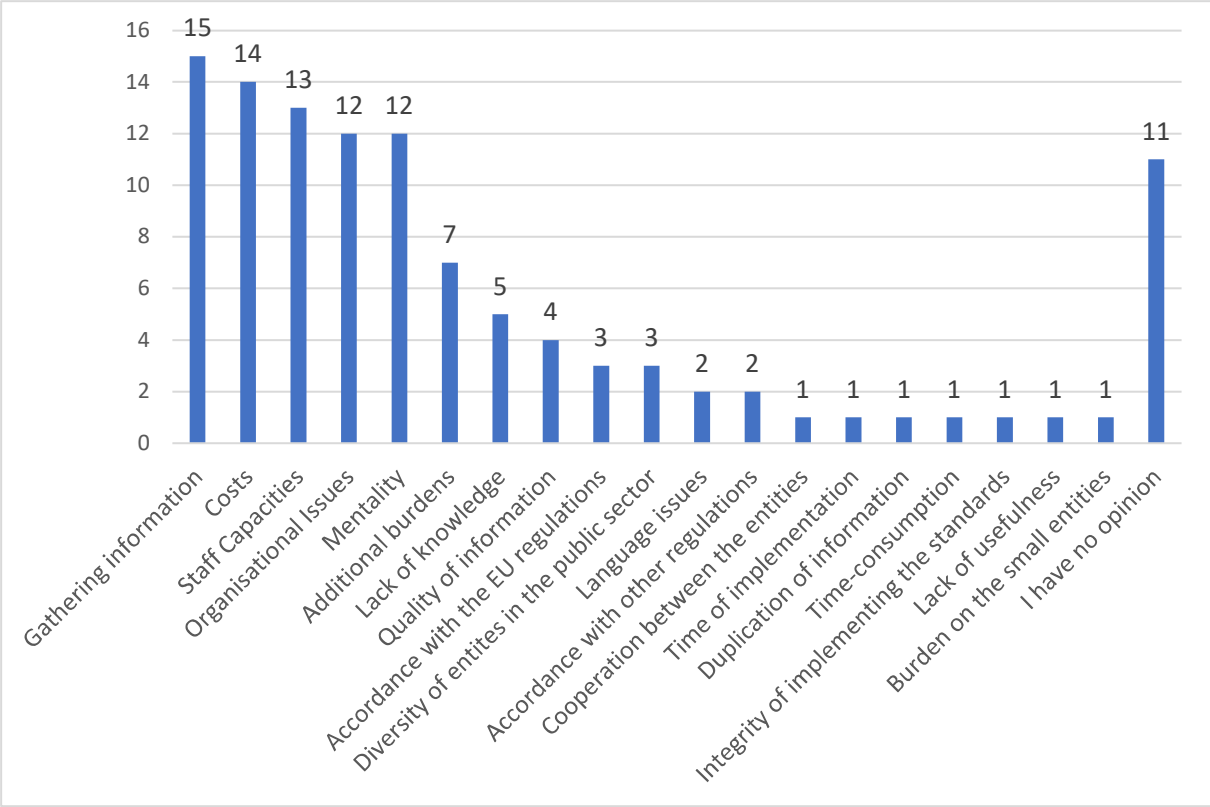
Question 3. **Do you agree with the way the IPSAS Board proposes to align the requirements of IFRS S2 with the guidance for the public sector?**



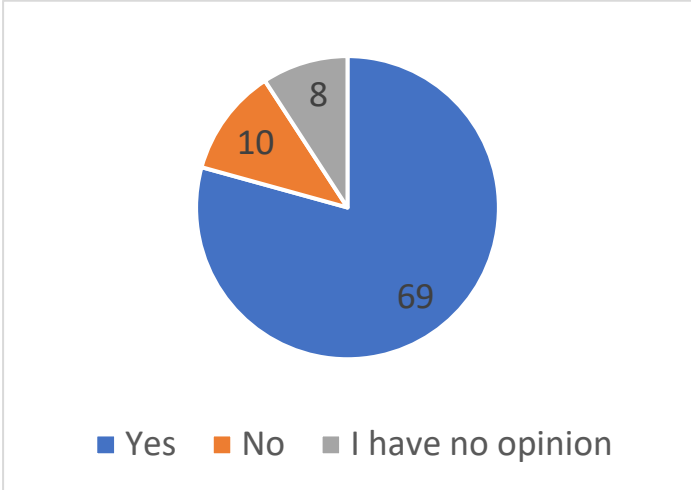
Question 4. **Do you agree with the proposed approach to materiality for climate-related disclosures?**



Question 5. **What do you think are the challenges in implementing the standards?**



Question 6: **Do you think a standard for public sector climate disclosure will be useful in Poland?**



In conclusion, the feedback to IPSASB SRS ED 01 was rather positive and respondents seemed optimistic about the solutions presented in the ED. Although, it must be underlined that they have also named a number of challenges. More precisely, respondents were concerned about the capability of data gathering process, staff capacities and implementation costs.

During the meeting, the attendees were encouraged to submit their comments in Polish to MoF or directly to IPSASB in English. Comments on the IPSASB SRS ED 01, prepared by Ministry of Finance of Poland are going to be submitted by the end February 2025.

Note prepared by: Maciej Falkowski

Accepted by: Agnieszka Stachniak