

## Swiss Comment to

### SRS ED 1 Climate-related Disclosures

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## 1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation). The SRS-CSPCP has discussed SRS ED 1 Climate-related Disclosures.

## 2. General Remarks

SRS-CSPCP decided to submit a response to this consultation, even if it feels less competent in certain areas of this ED. It would like to concentrate on its core competences, i.e. financial reporting. However, SRS-CSPCP recognises that sustainability reporting is becoming increasingly important, especially for public sector entities which are issuing bonds on capital markets. They are increasingly facing demand for sustainability related information and SRS-CSPCP understands that requirements for the presentation of such information should be standardised. Therefore, SRS CSPCP recognises that sustainability reporting is meaningful, although it will be difficult to implement.

## 3. Specific Matter for Comment 1: Public sector operations and regulatory role (paragraphs 1-4)

*This Exposure Draft requires a public sector entity to provide disclosures about (i) the climate-related risks and opportunities that are expected to affect its own operations, and (ii) climate-related public policy programs and their outcomes when an entity has responsibility for those programs and their outcomes (see paragraphs 3 and AG2.7–AG2.8).*

*Do you agree the proposed approach meets the information needs of primary users (see paragraphs 1–4)? If not, what alternative approach would you propose and why?*

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

SRS-CSPP is of the view that the two pillars *Own Operations* and *Public Policy Programmes* should not be combined in one standard. SRS-CSPCP would prefer them to be regulated in two separate standards. The following reasons speak in favour of a separation:

- The first pillar (*Own Operations*) corresponds roughly to what is reported by private sector entities. The standard can therefore be developed based on IFRS S1 and S2;
- the second pillar (*Public Policy Programmes*) contains a lot of political information which responds to information needs of a wider group of stakeholders than the first pillar;
- the implementation of the two pillars will be different; the implementation of the second pillar appears to be much more complex;
- if a public sector entity only falls within the scope of one of the two pillars, it can limit itself to the application of one standard;
- as mentioned in our response to SMC 8, the disclosure requirements for the two pillars should not be the same.

In this sense, the SRS-CSPCP supports the alternative view.

## 4. 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?

SRS-CSPCP agrees with the IPSASB's proposal.

**5. Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4-AG2.6)**

*This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes.*

*Do you agree with this approach and the scope of public policy programs included in required disclosures? If not, what alternative approach would you propose and why?*

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

SRS-CSPCP disagrees with the IPSASB's view that only programmes with a positive impact on the climate should be included. In its opinion, all programmes should be listed, including those with a negative impact on the climate, but a positive impact in other political areas, to prevent greenwashing. SRS-CSPCP also supports the alternative view on this issue.

Furthermore, SRS-CSPCP perceives an issue with materiality. It asks IPSASB to define materiality, i.e. when a programme must be reported, more clearly with regard to discharge of accountability. This raises the issue of impact materiality when applying IFRS S2 based guidance in the case of public policy programmes.

**6. Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)**

*As explained in paragraph BC31, this Exposure Draft exempts an entity from disclosing certain information which may lead to further degradation of tangible natural resources which are rare or endangered.*

*Do you agree with the proposed disclosure exemption? If not, why not?*

Since SRS-CSPCP does not support the scope of public policy programmes, as discussed under SMC 3, it cannot support the above definitions. SRS-CSPCP would like the definitions to be broadened, in particular the definition under (c) Climate-related public policy programmes.

**7. 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?*

SRS-CSPCP is concerned that the proposed required information on the programmes is too detailed. It would first like to present a general overview and only then a more detailed analysis of the individual topics.

**8. 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?*

SRS-CSPCP generally supports IPSASB's view. However, it proposes not only to disclose the variations but also the initial values ('baseline'). This enables a more effective comparison.

**9. 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?*

SRS-CSPCP is aware that the concept of materiality in this ED has been adopted from the Conceptual Framework. This is logically consistent. However, it is concerned that this concept of materiality might result in an inadequate level of granularity. Furthermore, SRS-CSPCP wonders why the concept of materiality has been expanded in paragraph B.9 of the ED by including a reference to accountability, which is not included the Conceptual Framework.

**10. 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?*

SRS-CSPCP is of the view that the two pillars of sustainability reporting should not be required to be disclosed at the same time. It agrees that reporting on *Own Operations* should take place as part of financial reporting, i.e. also at the same moment annual financial statements are presented. In fact, there is no reason to deviate from the private sector when reporting on own operations.

However, SRS-CSPCP is of the opinion that the presentation, including the timing of reporting on *public policy programmes* should be made more flexible. It points out that the closing the accounts is very time-consuming and labour-intensive. There is a risk that smaller public sector entities would not apply this standard due to time and staff constraints. In addition, the budget debate is regularly more important than the approval of the financial report, which is why it would be conceivable to link reporting on the public policy programmes with the budget process.

The SRS-CSPCP notes that the different disclosure requirements for the two pillars Own Operations and Public Policy Programmes is a further reason for regulating the two pillars in two separate standards.

**11. 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?*

SRS-CSPCP agrees with IPSASB's proposal.

**12. Specific Matter for Comment 9: Other Comments)**

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

SRS-CSPCP asks IPSASB to provide guidance on consolidation in the context of sustainability reporting. It raises the question of how sustainability related information is incorporated into consolidation process. In particular, it would like to raise the issue of heterogenous sustainability reporting standards (e.g. EU's CSRD for state-owned-enterprises and IPSAS SRS 1 for the controlling government entity).

SRS-CSPCP would also like to mention the problem of federalism in countries such as Switzerland, Canada, Belgium and Germany regarding climate policy. In these countries, public policy programmes are generally decided at one level of government but implemented a different (non-controlled) level.

Winterthur, February 24, 2025