IPSASB SRS 1, *Climate-related Disclosures*

This summary provides an overview of IPSASB SRS™ 1, *Climate-related Disclosures*.

Objective:

The objective of this Standard is to require public sector entities to disclose useful information about climate-related risks and opportunities to primary users of general purpose financial reports for accountability and decision-making purposes.

Approved:

The International Public Sector Accounting Standards Board® (IPSASB®) approved IPSASB SRS 1, *Climate-related Disclosures,* in December 2025. It was issued in January 2026.

Project History:

The IPSASB began developing public sector sustainability reporting standards in response to growing global demand for transparent climate-related disclosures and the absence of an international framework tailored to the reporting needs of public sector users. Following support expressed by stakeholders following its 2022 consultation, IPSASB published IPSASB SRS Exposure Draft (ED) 1 in October 2024, its first ED focused on public sector sustainability reporting. Following outreach activities and a substantial global response and feedback from stakeholders to the ED, the IPSASB approved IPSASB SRS 1, *Climate-related Disclosures* in December 2025.

About IPSASB

The IPSASB is an independent standard-setting body that develops international financial and sustainability reporting standards for public sector entities.

Objective

The IPSASB's strategic objective is strengthening public financial management and sustainable development globally through increasing adoption and implementation of its Standards.

The IPSASB develops International Public Sector Accounting Standards™ (IPSAS® Standards), IPSASB SRS Standards, and other high-quality financial reporting guidance for use by governments and other public sector entities.

The IPSAS SRS Standards are designed for use by public sector entities, including national, regional, and local governments, and related governmental agencies, that meet all the following criteria:

a. Are responsible for the delivery of services to benefit the public and/or redistribute income and wealth;
b. Mainly finance their activities by taxes and/or transfers from other levels of government, social contributions, debt or fees; and
c. Do not have the primary objective to make profits.

Entities can apply the IPSASB SRS Standards regardless of whether they apply IPSAS Standards, or any other financial reporting framework.

Governance and Due Process

The IPSASB develops its Standards through an open and transparent due process, that allows for input and engagement with relevant public sector stakeholders around the world.

This provides the opportunity for all those interested in public sector reporting to make their views known to the IPSASB, and ensures that all views are considered in the standard-setting development process.

The Public Interest Committee (PIC) ensures that the standard-setting activities of the IPSASB serve the public interest.

History

The IPSASB commenced its activities in 1986 originally as the Public Sector Committee of the International Federation of Accountants. In 1996, it began its role as an international accounting standard setter for the public sector – the IPSASB.

In 2023, it confirmed its role and remit in beginning the development of international sustainability reporting standards for the public sector.

Project Background

IPSASB SRS 1 requires public sector entities to disclose information about climate-related risks and opportunities that could affect their long-term fiscal sustainability.

The Need for Public Sector Climate-related Disclosures

Climate change poses significant financial risks to governments. Research shows that severe weather events, intensified by climate change, reduce economic output and strain public finances. High-quality climate-related disclosures in general purpose financial reports help governments, investors, and other primary users assess these risks and support long-term fiscal sustainability.

Public sector entities increasingly rely on capital markets to finance climate initiatives. With sovereign bonds comprising approximately 40% of the global bond market, high-quality climate-related disclosures support more efficient capital allocation and can reduce borrowing costs. At the same time, service recipients and oversight bodies require transparency on how climate-related risks and opportunities affect public services.

Following a 2022 World Bank report calling for public sector sustainability reporting standards, the IPSASB launched a global consultation and, with strong support from respondents, developed IPSASB SRS ED 1. The Exposure Draft was launched in late 2024.

A Phased Approach to the IPSASB's Climate-related Disclosures Project

In response to feedback on the Exposure Draft, the IPSASB developed its climate-related disclosures project across two phases:

- **Phase 1** (IPSASB SRS 1) addresses Climate-related risks and opportunities arising from an entity's activities and operations. It is largely aligned with IFRS S2, *Climate-related Disclosures*.
- **Phase 2** will address the unique policy and regulatory role of public sector entities, referred to as "climate-related public policy programs" in the Exposure Draft. Phase 2 of the project is currently being considered by the IPSASB.

This phased approach responded to constituent feedback seeking clearer, more navigable guidance, while enabling the timely issuance of standards.

In December 2025, the IPSASB approved IPSASB SRS 1, *Climate-related Disclosures* – which marked the completion of Phase 1 of the standard-setting project.

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The Four Pillars for Reporting under IPSASB SRS 1

IPSASB SRS 1 includes disclosure requirements structured around four pillars, aligned with IFRS S2, complemented by public sector specific guidance.

Governance

- IPSASB SRS 1 requires disclosures about the governance processes, controls and procedures an entity uses to monitor, manage and oversee Climate-related risks and opportunities. This includes the roles of both the governing body and management in overseeing and managing climate-related matters.
- Application Guidance addresses the diversity of governance structures across the public sector.

Strategy

- IPSASB SRS 1 requires disclosures about Climate-related risks and opportunities that could reasonably be expected to affect an entity's long-term fiscal sustainability, including:
  (i) The entity's strategy and decision-making;
  (ii) Current & anticipated financial effects; and
  (iii) Climate resilience, informed by climate-related scenario analysis.
- Application Guidance recognizes that entities may have varying degrees of operational freedom to determine their own strategy.

Risk Management

- IPSASB SRS 1 requires disclosures about the processes and policies an entity uses to identify, assess, prioritize and monitor Climate-related risks and opportunities, and how these are integrated into the entity’s overall risk management.
- Application Guidance notes that national risk registers and other processes developed by higher levels of government can inform risk management by entities at lower levels.

Metrics and Targets

- IPSASB SRS 1 requires disclosures on an entity's performance in relation to its climate-related risks and opportunities, including greenhouse gas (GHG) emissions and climate-related targets.
- The Standard includes a rebuttable presumption that entities measure GHG emissions using the GHG Protocol. Scope 3 GHG emissions are required, subject to transition relief for the first three annual reporting periods.

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Materiality and Other Conceptual Foundations

IPSASB SRS 1 provides conceptual foundations and general requirements based on the IPSASB Conceptual Framework and aligned with elements of IFRS S1.

Material Information

An entity is required to disclose material information about its climate-related risks and opportunities. Consistent with the IPSASB Conceptual Framework, materiality is entity-specific and considers the information needs of primary users (i.e., service recipients and resource providers).

The Standard defines material information as:

In the context of climate-related disclosures, material information is information that, if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's general purpose financial reports prepared for that reporting period.

The Standard provides a three-step process for determining material information:

(1) Understanding the entity's context;

(2) Identifying climate-related risks and opportunities; and

(3) Determining which information is material.The IPSASB is developing non-authoritative educational material to help support preparers in applying the materiality definition.

General Requirements

IPSASB SRS 1 includes general requirements relating to the location of disclosures, timing of reporting, comparative information, statement of compliance, and judgments, uncertainties, and errors.

Timing of Reporting

An entity shall report its climate-related disclosures at the same time as its related financial statements. The entity's climate-related disclosures shall cover the same reporting period as the related financial statements.

Connected Information

IPSASB SRS 1 requires that disclosures should be connected across the reporting entity's general purpose financial reports to enable users' understanding of these connections. This includes connections to other sustainability-related reports or its general-purpose financial statements.

Effective Date and Other Considerations

IPSASB SRS 1 is effective for annual reporting periods beginning on or after January 1, 2028 – with earlier application permitted.

Effective Date and Transition

IPSASB SRS 1 is effective for annual reporting periods beginning on or after January 1, 2028. Earlier application is permitted.

To support implementation, the Standard provides the following transition relief:

- In the first annual reporting period, an entity is not required to disclose comparative information.
- In the first annual reporting period, an entity may publish its climate-related disclosures up to nine months after the end of the reporting period, allowing additional time beyond the publication of its financial statements.
- In each of the first three annual reporting periods, an entity is not required to disclose Scope 3 greenhouse gas emissions. This relief may also be applied when presenting comparative information in subsequent periods.

These transition provisions recognize the capacity-building challenges in implementing climate-related reporting across the public sector, while balancing the urgency of climate action.

Stay Informed

The IPSASB is progressing Phase 2 of the Climate-related Disclosures project, which will address disclosures relating to climate-related public policy programs.

Meeting dates and locations are available at:

https://www.ipsasb.org/meetings

For project updates, please visit:

https://www.ipsasb.org/consultations-projects/sustainability-climate-related-disclosures