



Get ready for IPSASB SRS™ 1 climate-related disclosures

The first international climate
disclosure standard tailored specifically
to the public sector



A new era of sustainability reporting for the public sector

Historically, sustainability reporting in the public sector has been fragmented often based on voluntary frameworks or jurisdiction-specific guidance. While the private sector has widely adopted standards such as TCFD, SASB, and the IFRS Sustainability Disclosure Standards, public sector reporting has lacked a unified global approach.

Public sector organizations differ fundamentally from private companies: their primary purpose is to deliver services and redistribute resources in the public interest. Their funding largely comes from taxes, transfers, and social contributions. They also play critical regulatory and policy-setting roles that influence sustainability outcomes across society.

The IPSASB's new standard and its intention to continue developing additional standards is expected to bridge this gap by creating guidance aligned with international best practices but tailored to the public sector context. IPSASB SRS1 focuses first on climate-related disclosures, recognizing climate change as an urgent risk to service delivery, infrastructure, financial stability, and environmental resilience.

This publication provides a high-level overview of the new standard, addresses key questions you may have, and offers our recommendations on how to prepare for its implementation.



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What's the issue?

The IPSASB has released IPSASB SRS™1: Climate-related Disclosures, the first globally recognized sustainability reporting standard designed specifically for the public sector.

It adapts IFRS S2 to reflect government structures, policy responsibilities, and funding models, with a focus on long-term fiscal sustainability and service delivery.

The aim is to create a consistent, comparable global baseline that public sector entities can use to report climate-related risks, opportunities, and performance-integrated into General Purpose Financial Reports (GPFR).



What's the impact?

Public sector entities will disclose climate-related information that directly links to their operational and strategic plans, budgets, and policies.

Entities may apply the standard whether or not they follow IPSAS Standards (IPSAS accounting standards) or another GAAP.



What's the next?

IPSASB SRS™ 1 applies for annual reporting periods starting January 1, 2028, with early adoption permitted.

Jurisdictions will decide whether and when to adopt, but pressure is building from citizens, legislatures, resource providers, and inter-governmental agreements to priorities climate transparency.

Some public sector organizations may adopt voluntarily to align with best practice, respond to stakeholder expectations, or prepare for future regulatory requirements.

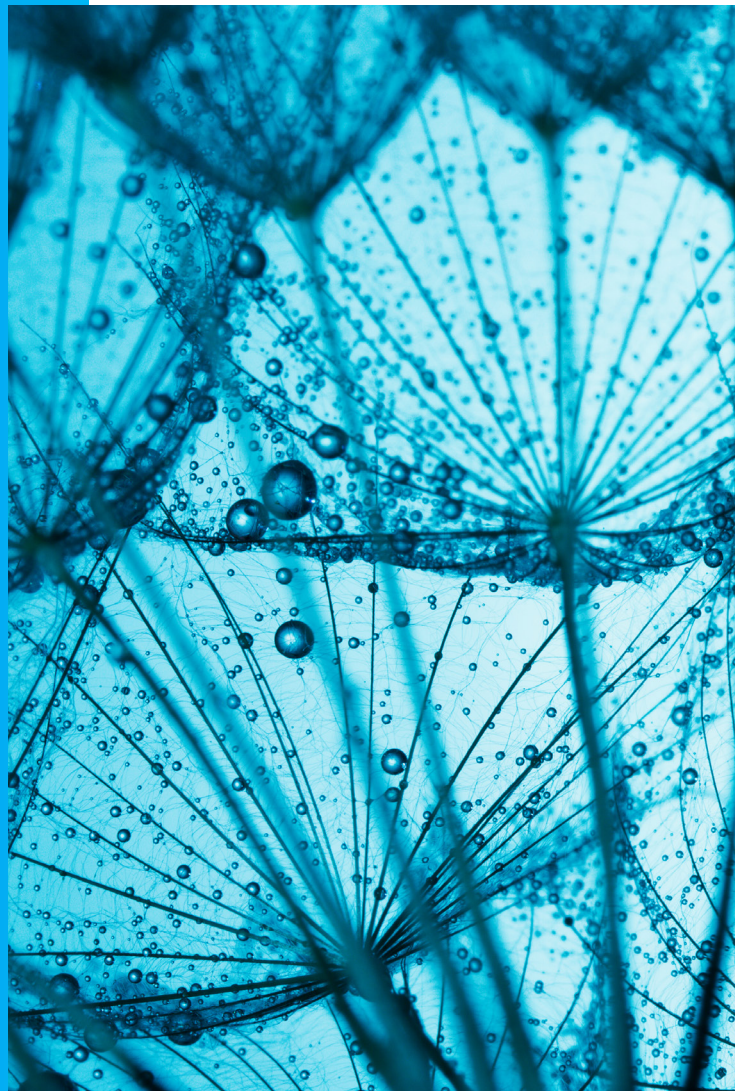
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questions to start getting ready

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What is the objective of the new standard?

The standard establishes requirements for disclosing material information on climate-related risks and opportunities arising from an entity's own activities and operations that could reasonably be expected to affect its long-term fiscal sustainability.



The disclosures are intended to:

Provide primary users of general purpose financial reports with decision-useful information.¹

Enhance accountability by showing how climate-related risks and opportunities influence strategy, governance, risk management, and performance.

Align public sector climate reporting with global best practice, notably IFRS Sustainability Disclosure Standards (refer to [KPMG resource center](#) to read more about these standards), while incorporating public sector-specific context from IPSASB guidance.

Note:

¹ Primary users of general purpose financial reports (primary users) are existing and potential service recipients and their representatives, as well as resource providers and their representatives.

What are the disclosure requirements under new standard?

Aligned with **IFRS S2** and the **TCFD** framework, **IPSASB SRS™ 1** requires disclosures under four interconnected pillars for each climate risk and opportunity:



Governance

The objective is to enable primary users of general-purpose financial reports to understand the governance processes, controls, and procedures an entity uses to monitor, manage, and oversee climate-related risks and opportunities.



Strategy

The objective is to enable primary users of general-purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities and their expected effects on operations, value chain, strategy and decision making, financial position and financial performance and cash flow, and resilience using scenario analysis.



Risk management

The objective of climate-related disclosures on risk and outcome management is to enable primary users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritize, and monitor climate-related risks and opportunities, and integrate into overall risk management.



Metrics and targets

The objective is to enable primary users of general-purpose financial reports to understand an entity's performance, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation in relation to climate-related risks and opportunities.

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What frameworks and standards underpin IPSASB SRS™ 1?

IPSAS SRS 1 aligns closely with IFRS S2 and IFRS S1, incorporates IPSASB's Conceptual Framework, and uses the Greenhouse Gas Protocol as the default method for emissions measurement.

GRI guidance also informs its approach to materiality and stakeholder context.



What is the effective date and transition options?

Effective from January 1, 2028, with earlier adoption allowed. Jurisdictional mandates will determine timing, but even without legal requirements, stakeholder expectations and national climate commitments may drive earlier adoption.



2028

January 1, 2028
Effective

2029

First report issued for Y2028
Transition reliefs include:

- No comparative disclosures in the first reporting year.
- Up to nine months after year end to publish climate disclosures in year one.
- Relief from Scope 3 emissions disclosure for the first three years

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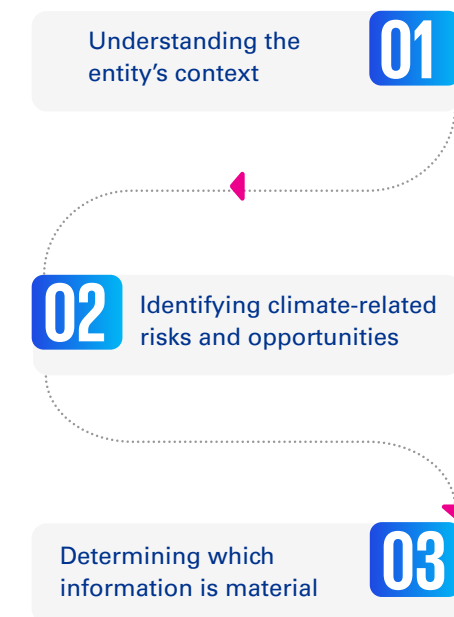
What about materiality and how to determine the material information?

The standard defines material information as follows:

“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.”



This suggests a three steps approach to determining these information as outline in the graph.



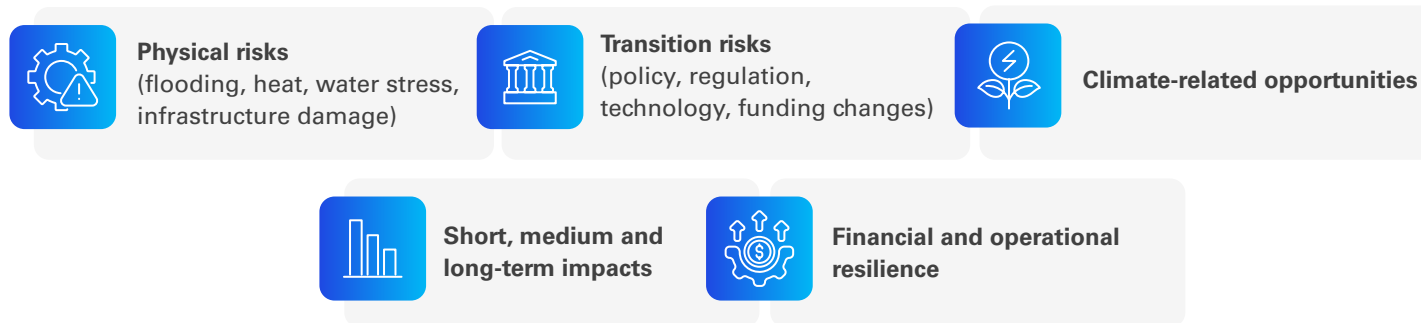
Relevant to this, IPSASB has released Exposure Draft (ED) 97, IPSAS Practice Statement, Making Materiality Judgments for public comment, the draft non-mandatory guidance aims to help preparers apply materiality more effectively when preparing financial statements under IPSAS Accounting Standards. Although this Guide is directed to support in the context of IPSAS accounting standards, it can be used as source of guidance in the context of IPSAS SRS 1.

Will climate-related scenario analysis be required?

Yes. Entities are expected to assess climate resilience using climate-related scenario analysis proportionate to their circumstances, capabilities, and exposure to climate risks.

Entities should disclose the key climate-related risks and opportunities identified through the analysis, including how these may affect governance, strategy, financial planning, and operational resilience over time.

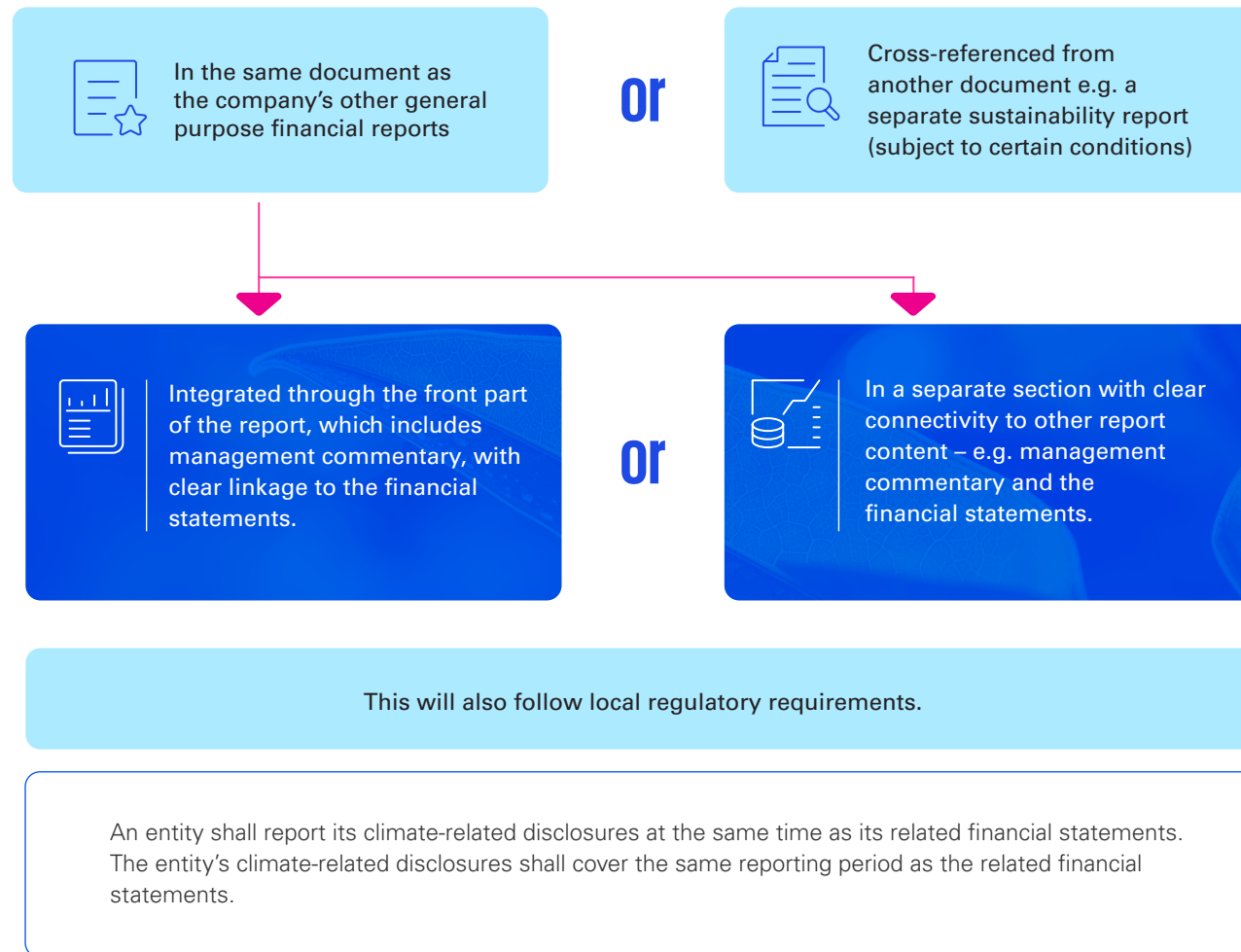
Scenario analysis may consider:



Climate-related scenario analysis is a strategic assessment tool used to evaluate how different climate pathways, risks, and assumptions may impact an entity's operations, strategy, and long-term resilience over time. It supports organizations in understanding potential climate-related risks and opportunities under different future scenarios

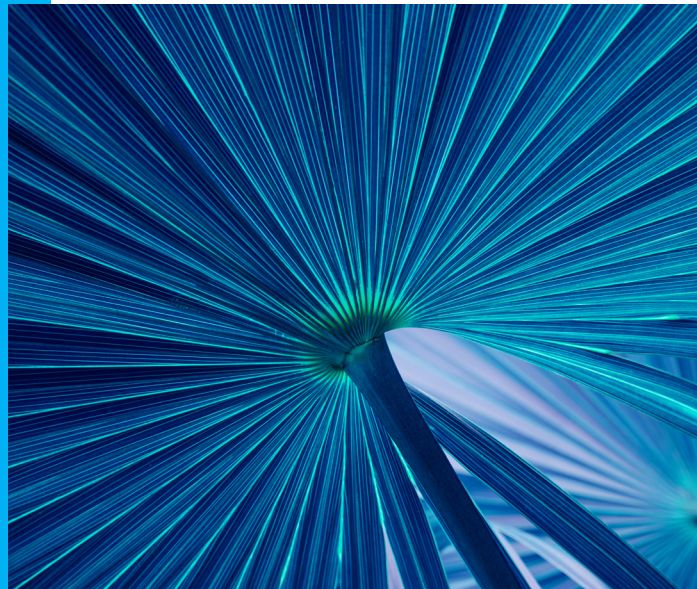
Where and when should the public sector climate-related disclosures be published?

The standard specifies that climate-related disclosures may be included within GPFR, typically in management commentary, integrated reports, or sustainability reports that are appropriately cross-referenced. Such cross-references must be issued simultaneously and under the same terms.



What if your organization already uses other frameworks?

Historically, many public sector entities have reported on sustainability by using and referencing various standards such as TCFD, SASB, GRI, or national climate frameworks. With the introduction of the new standard, public sector entities are well positioned to leverage and map their existing work to the requirements of IPSASB SRS™ 1 and continue building on this foundation.



Example of the existing frameworks that is being referenced by the public sector



Task Force on Climate-related Financial Disclosures



Sustainability Accounting Standards Board



Global Reporting Initiative



IFRS Sustainability Disclosure Standards



National /Regional Climate Reporting Frameworks

Mapping to



IPSAS SRS 1
Climate-related disclosures tailored for public sector

What are the key metrics required under IPSASB SRS™ 1?

IPSASB SRS™ 1 requires entities to disclose climate-related metrics and targets used to assess, manage and monitor climate-related risks and opportunities. Metrics should be relevant to the entity's strategy, governance, risk exposure, and operational activities.



Important considerations: Entities should disclose metrics that are material to their operations and decision-making, supported by reliable data, clear methodologies, and consistent reporting processes.

What steps should you take now to prepare?

Public sector entities need to get ready for rapid implementation of the standards laying the right foundation, before undertaking steps to understand the impacts and adapt to the reporting change.

Key steps to take now



Impact assessment

Assess the potential impacts of the standards on your organization, including strategic, operational and financial.



Materiality assessment

Identify climate-related matters that are material to your organization and stakeholders.



Maturity assessment

Evaluate your current readiness, capabilities, data, systems, and processes.



Reporting transformation

Strengthen your data, systems, controls and processes to meet the new reporting requirements.



Maintain

Embed governance, build capacity, and continuously monitor and improve your climate reporting readiness.

Abbreviations and key terms

GHG

Greenhouse Gas

GPFR

General Purpose Financial Reports

GRI

Global Reporting Initiative

IFRS

International Financial Reporting Standards

IFRS S1 / S2

IFRS Sustainability Disclosure Standards

IPSAS

International Public Sector Accounting Standards

IPSASB

International Public Sector Accounting Standards Board

IPSASB SRS™ 1

IPSASB Sustainability Reporting Standard 1

ISSB

International Sustainability Standards Board

SASB

Sustainability Accounting Standards Board

SRS

Sustainability Reporting Standard

TCFD

Task Force on Climate-related Financial Disclosures

Climate-related disclosures

Reporting of climate risks, opportunities, impacts, and governance

Materiality

Information that could influence stakeholder decisions

Physical risks

Risks from physical climate events such as flooding, heat, or water stress

Risk management

Processes for identifying, assessing, and monitoring risks

Scenario analysis

Assessment of different climate pathways, risks, and assumptions

Stakeholders

Citizens, regulators, service recipients, funding providers, and related parties

Transition risks

Risks arising from policy, technology, market, or regulatory shifts

Public sector climate reporting

Risks arising from policy, technology, market, or regulatory shifts

About KPMG Middle East

KPMG Middle East LLP is a part of the KPMG global organization of independent member firms that operate in 143 countries and territories and are affiliated with KPMG International Limited. We provide audit, tax and advisory services to public and private sector clients across Saudi Arabia, United Arab Emirates, Jordan, Lebanon, Oman, and Iraq, contracting through separate legal entities. We have a strong legacy in the region, where we have been established for over 50 years. KPMG Middle East LLP is well-connected with its global member network and combines its local knowledge with international expertise.

KPMG serves the diverse needs of businesses, governments, public-sector agencies, not-for-profit organizations, and the capital markets.

Our commitment to quality and service excellence underpins everything we do. We strive to deliver to the highest standards for our stakeholders, building trust through our actions and behavior, both professionally and personally.

Our values guide our day-to-day behavior, informing how we act, the decisions we make, and how we work with each other, our clients, and all our stakeholders.



Integrity

We do what is right



Excellence

We never stop learning and improving



Courage

We think and act boldly



Together

We respect each other and draw strength from our differences



For Better

We do what matters.

Our purpose is to inspire confidence and empower change. By inspiring confidence in our people, clients and society, we help empower the change needed to solve the toughest challenges and lead the way forward.

KPMG's Our Impact Plan guides our commitments to serving our clients, people and communities across four categories: Planet, People, Prosperity, and Governance. These four priority areas assist us in defining and managing our environmental, social, economic and governance impacts to create a more sustainable future. We aim to deliver growth with purpose. We unite the best of KPMG to help our clients fulfil their purpose and deliver against the United Nations Sustainable Development Goals, so all our communities can thrive and prosper.

We are dedicated to delivering growth with purpose, helping our clients achieve their goals, and advancing sustainable progress to ensure that all our communities thrive. Empowered by our values, and committed to our purpose, our people are our greatest strength. Together, we are building a values-led organization of the future. For better.

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