

March 4, 2025

To the International Public Sector Accounting Standards Board (IPSASB)

## **Consultation Response to IPSASB SRS ED 1 Climate-related Disclosures**

NKRF appreciates the opportunity to provide our comments on the first international standard for sustainability reporting in the public sector.

### **About NKRF**

NKRF is an organization for control and auditing of local government institutions in Norway. NKRF is a professional interest organization and a competence center for the control and auditing of local government in Norway. We organize secretariats of control committees and auditors in the local government sector. NKRF aims to promote a sound development of auditing and control in the local government sector. Our societal mission is to contribute to ensuring that public operations are conducted in accordance with the interests and values of the community.

### **Our Comments**

NKRF considers sustainability reporting to be important in the public sector and is grateful for IPSASB's initiative to develop international standards for such reporting. We support IPSASB in this work and look forward to additional standards on sustainability reporting.

We particularly support that the standard should encompass all levels of government—national, regional, and local—as well as other entities in the public sector. Furthermore, we are especially positive about the emphasis on qualitative characteristics such as relevance, faithful representation, understandability, timeliness, comparability, and verifiability.

SRS ED 1 requires that a public entity disclose:

- Climate-related risks and opportunities expected to affect its own activities, and
- Climate-related public policy programs and their outcomes when an entity is responsible for these programs and their results.

The European Union's Corporate Sustainability Reporting Directive (CSRD) requires that sustainability reporting not only include information necessary to understand how sustainability matters affect the undertaking's development, position, and performance, but also provide information necessary to understand the undertaking's impact on sustainability matters.

This dual perspective on sustainability reporting is often referred to as the double materiality assessment. The CSRD requirement for reporting on how sustainability matters affect the undertaking, appears to align with the requirement in SRS ED 1 to report on risks and opportunities expected to affect the entity's own activities. However, with the exception of reporting on public policy programs, we do not see that the exposure draft covers the second perspective of the CSRD's double materiality assessment, i.e., the entity's impact on

sustainability matters. We do not perceive the exposure draft as preventing the inclusion of such a perspective in sustainability reporting, but in our opinion, incorporating this perspective would further strengthen the standard.

The European Commission has recently proposed simplifications to the CSRD—the “Omnibus” packages. In our view, the signals regarding the reduction of the administrative burden of sustainability reporting should be considered in the development of sustainability reporting standards for the public sector. This would make the reporting more targeted. It will also make it a functional tool for the public sector at all levels. In this way the reporting can be used as a support to a more sustainable future.

Thank you for considering our comments. We look forward to the continued development of sustainability reporting standards in the public sector.

Yours sincerely,

**NKRF**

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