

International Sustainability Standards Board
The IFRS Foundation
Columbus Building, 7 Westferry Circus,
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United Kingdom

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International Sustainability Standards Board consultation on agenda priorities

We refer to the International Sustainability Standards Board's request for information on its agenda priorities. We appreciate the opportunity to contribute our perspective.

Norges Bank Investment Management is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 12,429 billion Norwegian kroner at year end 2022. We are a long-term investor, working to safeguard and build financial wealth for future generations.

As a long-term, global investor, we consider our returns over time to be dependent on sustainable development in economic, environmental and social terms. We need consistent, comparable and reliable information from companies on social or environmental issues which are financially material to their business. We rely on information related to the current performance of a company, as well as information on drivers of value that may be predictive of its long-term performance. This information helps inform our investment decisions, our risk management processes and our ownership activities. We therefore have strongly supported the important work of the International Sustainability Standards Board in developing a global baseline for sustainability reporting standards.

On the strategic direction and balance of the ISSB's activities, we believe that supporting the implementation of the recently published ISSB Standards IFRS S1 and S2 is key to their adoption and should therefore be the first priority for the ISSB in the next two years. The development of implementation guidance and educational material is crucial to support the uptake of the Standards and help achieve the ISSB's aim of providing a baseline for global sustainability reporting. Effective capacity building will also play a key role in enabling the disclosure of consistent and comparable data. The second priority for the ISSB should be launching new research and standard setting projects, with the ultimate goal of developing additional topical standards to complement S1 and S2. The application of IFRS S1 and disclosure on sustainability risks and opportunities beyond climate will initially rely on the guidance role provided by SASB Standards, which is however non binding; the lack of

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specificity in S1 might therefore result in suboptimal quality and comparability of disclosures. In our view, the ISSB should lay out its vision for a full architecture of topical standards which, coupled with the industry-specific guidance and metrics provided by the SASB Standards, can meet investors' demand for information across a broad range of environmental, social and governance sustainability topics. Work on enhancing the SASB Standards should in our view be the third priority on the ISSB's workplan. The enhancement of the Standards should entail a comprehensive review to ensure that the SASB Standards are fully internationally applicable and consistent with both the logic and architecture of the recently finalised IFRS S1 and S2, as well as additional future topical standards. Finally, we consider that researching targeted enhancement to the ISSB Standards should represent a mid-term priority rather than something to be prioritised over the next two years. Sufficient time to review initial application of the standards would indeed enable the ISSB to assess any implementation challenges which might need to be addressed with targeted revisions to the Standards beyond the enhancements already signalled to the market.

Regarding the new research and standard setting projects that could be added to the ISSB's workplan, we believe that all of the suggested prioritised list of sustainability reporting matters should ultimately be covered by ISSB topical standards. However, taking into account the ISSB's limited capacity to take on new projects in the next two years, we believe that two projects could be launched. The first project should cover both human capital and human rights, which are inherently linked. We appreciate, and strongly support, the ISSB's recognition of the significance of social disclosures as part of financially material disclosures. However, the proposed approach of launching two separate projects (potentially leading to two different standards) may risk reinforcing the existing, misleading perception that human capital relates only to a company's own workforce, while human rights are only relevant for a company's supply or value chain. We therefore underline the importance of addressing both human capital and human rights in an integrated fashion. Companies' operations impact their employees, contract workers, workers in supply chains, consumers and end-users, indigenous people and local communities, human rights defenders and the environment. Data on workforce composition and costs can help investors understand to what extent compensation is competitive and the company's ability to attract and retain talent. Companies also have a responsibility to respect human rights, including in supply chains and other business relationships; lack of respect for human rights is not solely a responsible business conduct issue; it can also have a material impact on businesses.

Secondly, the ISSB should consider launching a research and standard setting project on biodiversity, ecosystem and ecosystem services. Changes to natural ecosystems and the biodiversity that underpins them likely pose increasing financial risks to companies in a number of industries globally, and impact their investors' returns. Nature risks also have important interdependencies with climate change. At the same time, evolving trends may present new business opportunities. As a long-term, financial investor, biodiversity and ecosystems has been a priority topic on NBIM's ownership agenda for several years, and the fund has specific expectations on how our portfolio companies should manage and account for these issues in their business activities. The international attention and momentum on this subject has increased since the Kunming-Montreal agreement reached in December 2022,

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which includes a target requiring jurisdictions to take measures to ensure that large and transnational companies and financial institutions regularly monitor, assess, and transparency disclose their risks, dependencies and impacts on biodiversity. While the financial relevance of nature loss is clear, the information needed to identify and manage nature-related risks is often not available or decision-useful. The development of a ISSB biodiversity standard would help provide comparable and consistent disclosures, and would benefit from the work already undertaken by the Taskforce on Nature-related Financial Disclosures (TNFD), which is due to release its final risk management and disclosure framework in September this year. A potential ISSB biodiversity standard could build upon the TNFD recommendations in a similar fashion to how the climate standard S2 has built upon the TCFD recommendations and structure.

Finally, NBIM believes that a project on integration in reporting could be given lower priority. Guidance on connected information would be beneficial for preparers and users alike, and the ISSB could work together with the International Accounting Standards Board on this project. This project could benefit from the insights gathered by the IASB in its project on the management commentary as well as the concepts at the basis for the Integrated Reporting Frameworks; the two standard setters could therefore work together to identify similarities and consider how these frameworks could be brought together to facilitate connectivity and integration. Collaboration between financial reporting and sustainability reporting standard setters is crucial to achieve coherence in corporate reporting.

We appreciate your willingness to consider our perspective, and we remain at your disposal should you wish to discuss these matters further.

Yours sincerely



Carine Smith Ihenacho
Chief Governance and Compliance Officer



Elisa Cencig
Senior ESG Policy Adviser

Questions for respondents

Question 1 – Strategic direction and balance of the ISSB’s activities

Paragraphs 18–22 and Table 1 provide an overview of activities within the scope of the ISSB’s work.

- (a) From highest to lowest priority, how would you rank the following activities?
 - i. beginning new research and standard-setting projects
 - ii. supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - iii. researching targeted enhancements to the ISSB Standards
 - iv. enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB’s work? If so, please describe these activities and explain why they are necessary.

Question 1(a)

We believe that (ii) activities supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 should be prioritised in the ISSB’s workplan for the next two years. The second priority should be (i) beginning new research and standard setting projects, followed by (iv) enhancing the Sustainability Accounting Standards Board Standards and finally (iii) researching targeted enhancements to the ISSB Standards.

Question 1(b)

In our view, supporting the implementation of the recently published ISSB Standards IFRS S1 and S2 is key to their adoption and should therefore be the first priority for the ISSB in its two-year workplan. The development of implementation guidance and educational material, and more broadly work on capacity building, is crucial to support the uptake of the Standards and help achieve the ISSB’s aim of providing a baseline for global sustainability reporting. Effective capacity building will also play a key role in enabling the disclosure of consistent and comparable data. This work would be particularly valuable, if not essential, for preparers who are new to sustainability reporting, but companies who are familiar with sustainability reporting frameworks and standards would also benefit from this support, particularly when it comes to concepts which are less clearly rooted in financial reporting and might be interpreted differently under different frameworks. Guidance on the materiality assessment process, scenario analysis, estimating the financial effects of climate risks and opportunities would be particularly beneficial for preparers. In terms of prioritisation, the application of the concept of financial materiality is likely to be among the most challenging for preparers, and would therefore benefit from dedicated guidance early on. We note in this respect that EFRAG has been requested by the European Commission to start working on implementation support to supplement the first set of sector-agnostic European Sustainability Reporting Standards, including guidance on the materiality assessment process. Bearing in mind that preparers in scope of the EU Corporate Sustainability Reporting Directive will need to consider both financial and impact materiality, ISSB’s guidance on the assessment of the former and cooperation with EFRAG would help convergence in the practical implementation

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of this concept and therefore facilitate efforts towards interoperability. Secondly, the ISSB's capacity building process should continue prioritising regulatory engagement, as regulators and standard setters around the globe consider whether and how to adopt the ISSB standards in their jurisdiction, including in the wake of IOSCO's endorsement of the standards.

The second priority for the ISSB should be launching new research and standard setting projects, with the ultimate aim of developing additional topical standards to complement S1 and S2. The application of IFRS S1 and disclosure on sustainability risks and opportunities beyond climate will initially rely on the guidance role provided by SASB Standards, which is however non binding; the lack of specificity in S1 might therefore result in suboptimal quality and comparability of disclosures. In our view, the ISSB should lay out its vision for a full architecture of topical standards which, coupled with the industry-specific guidance and metrics provided by the SASB Standards, can meet investors' demand for information across a broad range of environmental, social and governance sustainability topics. The ISSB could signal the overall direction of travel for its global sustainability reporting standards, together with an indicative timeline for the development of the full swathe of standards. The strategy and timing for formally elevating the status of the SASB standards from guidance to binding component of the IFRS Standards should also be clarified.

Work on enhancing the SASB Standards should in our view be the third priority on the ISSB's workplan. The enhancement of the Standards should entail a comprehensive review to ensure that the SASB Standards are fully internationally applicable and consistent with both the logic and architecture of the recently finalised IFRS S1 and S2, as well as additional future topical standards. Updates could for example be made to the SASB standards to ensure that their structure is consistent with the description of sustainability-related risks and opportunities provided by the ISSB, as well as their four-pillar architecture. We note that EFRAG is currently developing its sector-specific European Sustainability Reporting Standards to complement the sector-agnostic ones recently adopted by the European Commission. As the industry-specific SASB Standards can play a role in supporting EFRAG's work, we recommend a close degree of cooperation between the ISSB and EFRAG to achieve the maximum degree of interoperability at sector level.

Finally, we consider that researching targeted enhancement to the ISSB Standards should represent a mid-term priority rather than something to be prioritised over the next two years. Prior to moving forward with targeted enhancements to IFRS S1 and S2 on issues such as biodiversity and just transition, it is important to leave preparers enough time for implementation. Sufficient time to review initial application of the standards would indeed enable the ISSB to assess any implementation challenges which might need to be addressed with targeted revisions to the Standards beyond the enhancements already signalled to the market.

Question 1(c)

We have not identified any additional activities to be included within the scope of the ISSB's work.

Question 2 – Criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan

Paragraphs 23–26 discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.

- (a) Do you think the ISSB has identified the appropriate criteria?
- (b) Should the ISSB consider any other criteria? If so what criteria and why?

Question 2(a)

We consider that the proposed criteria for deciding whether a potential project will meet investors’ needs are appropriate. However, we suggest merging criterion 3 (“the types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others”) and criterion 4 (“how pervasive or acute the matter is likely to be for companies”). Criterion 4 currently lacks a precise definition of pervasive or acute, therefore we think it could be subsumed into criterion 3, which refers to the prevalence in some industries or jurisdictions compared to others. The SASB materiality mapping could prove a useful tool in assessing this prevalence. Alternatively, the ISSB could better explain what is meant by “pervasive or acute”, e.g. the amount of companies giving consideration to the issue at board level; this definition might however prove challenging in collecting supporting evidence for the concrete implementation of this criterion.

Question 2(b)

We suggest the ISSB considers interoperability with other sustainability standards, particularly those mandated at jurisdictional level, as an additional criterion. Considering the existence or development of jurisdictional sustainability standards and assessing interoperability with the new research and standard setting project to be initiated can help preparers in reducing reporting costs, and investors in accessing comparable information.

Question 3 – New research and standard setting project that could be added to the ISSB’s workplan

Paragraphs 27–38 provide an overview of the ISSB’s approach to identifying sustainability-related research and standard setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB’s work plan.

- a) Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?
 - (i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project.
 - (ii) If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects).

Question 3(a)

NBIM is of the view that all of the suggested prioritised list of sustainability reporting matters should ultimately be covered by ISSB topical standards. However, taking into account the ISSB's limited capacity to take on new project in the next two years, we believe that two projects could be launched.

The first project should cover both human capital and human rights, which are inherently linked. We appreciate, and strongly support, the ISSB's recognition of the significance of social disclosures as part of financially material disclosures. However, the proposed approach may risk reinforcing the existing, misleading perception that human capital relates only to a company's own workforce, while human rights are only relevant for a company's supply or value chain. While we welcome the ISSB's acknowledgment that human capital and human rights overlap, we believe that the proposed approach of tackling these in two different research projects (potentially leading to two different standards) risks perpetuating this misunderstanding. For example, while DEI is usually labelled as a human capital standard, freedom from discrimination is a fundamental human right; conversely, child labour is not solely limited to the supply chain and has been identified in direct company operations. The development of workforce-related disclosures could use the SASB research project on human capital as a starting point. A possible alternative approach to developing two separate human capital management and human rights standard could be to use the categorisation at the basis of the European Sustainability Reporting Standards, namely own workforce, value chain workers, affected communities, and consumers and end-users. This might not entirely solve the highlighted issue, as both human capital and human rights would be relevant to many, if not all, of these four categories; however, this approach would facilitate interoperability with the EU sustainability reporting framework.

Secondly, the ISSB should consider launching a research and standard setting project on biodiversity, ecosystem and ecosystem services. Changes to natural ecosystems and the biodiversity that underpins them can pose financial risks to companies in a number of industries globally, and impact their investors' returns. Nature risks also have important interdependencies with climate change. At the same time, evolving trends may present new business opportunities. As a long-term, financial investor, biodiversity and ecosystems has been a priority topic on NBIM's ownership agenda for several years, and the fund has specific expectations on how our portfolio companies should manage and account for these issues in their business activities. The international attention and momentum on this subject has increased since the Kunming-Montreal agreement reached in December 2022, which includes a target requiring jurisdictions to take measures to ensure that large and transnational companies and financial institutions regularly monitor, assess, and transparency disclose their risks, dependencies and impacts on biodiversity. While the financial relevance of nature loss is clear, the information needed to identify and manage nature-related risks is often not available or decision-useful. The development of a ISSB biodiversity standard would help provide comparable and consistent disclosures, and would benefit from the work already undertaken by the Taskforce on Nature-related Financial Disclosures (TNFD), which is due to release its final risk management and disclosure framework in September this year. A potential ISSB biodiversity standard could build upon the TNFD recommendations in a similar fashion to how the climate standard S2 has built

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upon the TCFD recommendations and structure. The comprehensive work undertaken by the TNFD could enhance the feasibility of the project for the ISSB and help it advance in a timely fashion, while mindful of the need for due process and adequate research into the topic.

Finally, NBIM believes that a project on integration in reporting could be given lower priority. Guidance on connected information would be beneficial for preparers and users alike, and the ISSB could work together with the International Accounting Standards Board on this project. This project could benefit from the insights gathered by the IASB in its project on the management commentary as well as the concepts at the basis for the Integrated Reporting Frameworks; the two standard setters could therefore work together to identify similarities and consider how these frameworks could be brought together to facilitate connectivity and integration. Collaboration between financial reporting and sustainability reporting standard setters is crucial to achieve coherence in corporate reporting.

Question 4 – New research and standard-setting projects that could be added to the ISSB’s work plan: Biodiversity, ecosystems and ecosystem services

The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3-A14 of Appendix A. Please respond to these questions:

- a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:
 - i. A short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - ii. Your view on the importance of the subtopic with regard to an entity’s sustainability-related risks and opportunities and the usefulness of the related information to investors.
- b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate? Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.
- c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB’s focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A13 should be utilised and prioritised by the ISSB in pursuing the project?

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Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

Question 4(a)

We believe that all five BEES-related topics identified in paragraph A11 should be included in the scope of the project. We welcome the fact that the list is based on the IPBES drivers of nature change, and call on the ISSB to consider them all. It is important that the ISSB takes an integrated approach to nature and biodiversity, similarly to what the TNFD has done (across the four realms of atmosphere, land, freshwater and oceans), rather than disaggregating nature into distinct topics and separate standards (e.g. water, pollution etc). An integrated approach is based on the learnings of the TNFD, the recommendations of the Network for Greening the Financial System (NGFS), and the findings of the UK Dasgupta Review as well as many scientific bodies. We also suggest that the project is renamed to "Nature" to further align it with the approach taken by the TNFD.

Question 4(b)

Sustainability risks and opportunities related to biodiversity and nature can be substantially different depending on industry, sector and geographic location, which requires an appreciation of business models, value chains and the geographic locations an entity operates in.

Ecosystem degradation can lead to physical risks for companies whose production processes or revenues depend on ecosystem services; these risks include scarcity of raw materials and reduced stability of processes such as rainfall and maintenance of fertile soil. The loss of biodiversity can also weaken an ecosystem's ability to deal with natural disasters such as floods, and human caused stresses, such as pollution and climate change. This can lead to further disruption of business activities and value chains. Shifts in policy, regulation, technology or consumer sentiment, may create transition risks for companies that have a large impact on biodiversity and ecosystems. Regulation could, for instance, make it increasingly difficult to obtain access to land for operations or impose increased due diligence costs and non-compliance penalties for companies sourcing from environmentally sensitive areas. Changing consumer sentiment toward products associated with deforestation or other environmental harm could impact companies' revenues, and in some cases also their social license to operate.

While biodiversity loss and ecosystem degradation is a global challenge, the impacts and dependencies that drive the sustainability risks and opportunities are very often localised, and may even vary across seasons. For example, water withdrawn from a water-stressed area during the dry season, may have a more significant environmental impact than the same quantity withdrawn in an area with abundant water, or during rainy season.

While a number of biodiversity-related sustainability risks and opportunities will manifest themselves differently depending on a company's industry and location, there are some commonalities with regards to how reporters can address these issues. The TNFD, for example, has developed an integrated approach for assessment and management of nature-related issues referred to as LEAP, for use by a wide range of corporates and financial

institutions. In their most recent beta framework publication, the TNFD also recommends a set of core, sector-agnostic indicators for organisations to report against, relating to their dependencies and impacts on nature, and the core global drivers of nature loss. For the sake of complete and accurate reporting, such general approaches and indicators will need to be complemented by further disclosures based on sector- and sometimes biome-specific guidance, also being developed by the TNFD.

Question 4(c)

We fully support the ISSB's intention to leverage and build upon the existing materials of standard setters and framework providers to expedite the project, with a particular attention paid to those developed with a focus on investor needs. In our view, among the materials referenced in paragraph A13, those developed by the TNFD and the SASB standards should be prioritised. The TNFD framework serves a global audience and has received strong support from G7/G20 finance ministers; furthermore, since its outset it has been designed to align with the global baseline developed by the ISSB. The TNFD recommendations are widely supported by the market, as demonstrated by the high number of TNFD Forum members, and have been comprehensively tested by over 200 pilot testing institutions. Furthermore, the TNFD also builds explicitly on the work and structure of the TCFD, which has strongly informed the structure and content of the climate standard IFRS S2. SASB standards and the metrics on relevant disclosure topics have also been designed with an investor focus in mind, and could therefore provide a very useful starting point for a nature standard, especially in light of the varying sector materiality of the topic. Additionally, the materials developed by PBAF and SBTN and the GRI standard would be helpful sources for ISSB to consider.

Question 5 – New research and standard-setting projects that could be added to the ISSB's work plan: Human capital

The research project on **human capital** is described in paragraphs A15–A26 of Appendix A. Please respond to the following questions:

- a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:
 - (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - (ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

- b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such

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sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate? Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

- c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

Question 5(a)

Among the subtopics listed in paragraph A22, we believe that priority could potentially be given to (g) workforce composition and costs; (d) workforce investments; (e) the alternative workforce; and (b) Diversity, Equity and Inclusion (DEI). Data on workforce composition and costs can help investors understand to what extent compensation is competitive and the company's ability to attract and retain talent. Companies should disclose core information on their workforce, such as numbers of workers, total cost of workforce, turnover, and diversity data, as well as relevant industry-specific metrics. Reporting on diversity-related measures should be disaggregated by appropriate gender or minority groups and employee categories. Regarding workforce investments, research highlights the importance of investment in human capital as a driver of productivity and growth. Corporate financial statements today generally fail to provide investors with a clear picture of their workforce composition, let alone information on the investment in their human capital. Information and data on the alternative workforce is also ever more important to investors as companies increasingly turn to hybrid working arrangements, seasonal and temporary workforces, and the gig economy. All of these alternative workforce arrangements present new opportunities and risks for companies, but the related disclosures are limited and far from comprehensive. Finally, efforts to promote a diverse, equitable and inclusive workforce culture is a key aspect of human capital management. Beyond the subtopics listed in paragraph A22, we believe the ISSB should also consider labour relations (as a specific aspect of employee engagement), including freedom of association and collective bargaining, and health and safety. Good labour relations provide a foundation for companies to adopt and implement human capital management strategies effectively. Health and safety can also represent financially material information from an investor's perspective, and should be integrated into risk management frameworks to ensure mitigation of risks in a company's operations and relevant parts of the value chain.

Finally, we note that human capital management policies and strategies are closely connected to respect for human rights. We therefore underline the importance of addressing both human capital and human rights in an integrated fashion, as explained in our answer to

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question 3(a), to avoid perpetuating misunderstandings and confusion about the relevance of such matters for respectively a company's operations and value chain only.

Question 5(b)

We believe that many aspects of human capital are substantially similar across industries and geographic locations; these include workforce composition and labour conditions in the value chain. While cultural and societal norms, as well as regulatory frameworks, differ across countries when it comes to e.g. minimum wage compensation or the importance of worker wellbeing, we see these aspects as relevant across all companies irrespective of industry or sector, as all have a workforce. Therefore we believe that it should be possible to develop performance measures that are comparable across geographies and business models, bearing in mind that investors might need to contextualise such disclosures in light of different labour risks and practices, social norms and social protection provided by the relevant government.

Question 5(c)

We fully support the ISSB's intention to leverage and build upon the existing materials of standard setters and framework providers to expedite the project, with a particular attention paid to those developed with a focus on investor needs. Among the materials referenced in paragraph A25, the ISSB could prioritise the International Labour Organisation (ILO) standards, which provide a labour rights baseline applicable across jurisdictions and industries, and the SASB Standards, which include human capital as an area of disclosure across most industries, including its standard setting project on DEI. GRI standards would also be a helpful source to consider.

Question 6 – New research and standard-setting projects that could be added to the ISSB's workplan: Human rights

The research project on **human rights** is described in paragraphs A27–A37 of Appendix A. Please respond to the following questions:

- a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB's research? You can suggest as many subtopics or issues as you deem necessary. To help the ISSB analyse the feedback, where possible, please provide:
 - (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - (ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

- b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such

sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate? Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

- c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A36 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

Question 6(a)

Companies' operations impact their employees, contract workers, workers in supply chains, consumers and end-users, indigenous people and local communities, human rights defenders and the environment. Companies have a responsibility to respect human rights, including in supply chains and other business relationships. Respecting human rights is also a core component of risk management and responsible business practice. In line with the UN Guiding Principles on Business and Human Rights, we expect companies to conduct human rights due diligence and to identify and address their salient human rights issues. Companies should take a risk-based approach and prioritise the human rights that may be at risk of the most severe negative impact through their business operations, value chain, and the use of their products and services. Lack of respect for human rights is not solely a responsible business conduct issue; it can also have a material impact on businesses. Companies' impacts on their own workforce are generally the most direct way in which they impact human and labour rights, these issues could therefore be prioritised. Other subtopics which the ISSB could consider are children rights and forced labour, which are often intertwined, and affected communities.

Question 6(b)

Certain human rights will be more at risk to be impacted than others, depending on sector, geographic area, business model and other circumstances. For example, companies with direct operations, supply chains or other business relationships in high-risk operational environments such as conflict-affected areas will be exposed to heightened risk of causing or contributing to human rights violations.

Question 6(c)

We fully support the ISSB's intention to leverage and build upon the existing materials of standard setters and framework providers to expedite the project, with a particular attention

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paid to those developed with a focus on investor needs. Among the material identified by the ISSB, the priority reference point should be the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, which establish a normative starting point for companies' policies and strategies with respect to human rights, and refer to companies' responsibility to respect the human rights protected by the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work as a minimum. The World Benchmarking Alliance's Corporate Human Rights Benchmark would also represent a useful source.

Question 7 – New research and standard-setting projects that could be added to the ISSB's work plan: Integration in reporting

The research project on integration in reporting is described in paragraphs A38-A51 of Appendix A. Please respond to the following questions:

- a) The integration in reporting project could be intensive on the ISSB's resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation's suite of materials. How would you prioritise advancing the integration in reporting project in relation to the three sustainability-related topics (proposed projects on biodiversity, ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB's new two-year work plan?
- b) In light of the coordination efforts required, if you think the integration in reporting project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)?
 - i. If you prefer a formal joint project, please explain how you think this should be conducted and why.
 - ii. If you prefer an ISSB project, please explain how you think this should be conducted and why.
- c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from:
 - i. the IASB's Exposure Draft Management Commentary? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
 - ii. the Integrated Reporting Framework? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
 - iii. other sources? If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work.
- d) Do you have any other suggestions for the ISSB if it pursues the project?

Question 7(a)

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As expressed in our answer to question 3(a), we believe that the project on integration in reporting could be given lower priority compared to the three sustainability-related topics, and therefore reserved for the longer term (next 3-5 years) as opposed to the two year workplan. While developing a fully integrated and consistent framework for corporate reporting is an important goal, NBIM considers that the relative priority of such a project is lower compared to the development of further topical standards, especially in light of the considerable amount of resources it would require. Initiating such a project slightly further in the future could also provide useful feedback from preparers and other stakeholders on the implementation of the connectivity provisions already included in IFRS S1 and S2.

Question 7(b)

We believe that the project on integration in reporting should be pursued as a formally joint ISSB/IASB project. Such a project would indeed require strong coordination, and the combined skills and competences, of both the ISSB and IASB similarly at Board and secretariat level. Collaboration between financial reporting and sustainability reporting standard setters is crucial to achieve coherence in corporate reporting, and the best way to achieve this is through conducting a joint project.

Question 7(c)

The concepts built in both the IASB's Exposure Draft Management Commentary and the Integrated Reporting Framework would be useful resources for this project.

Question 7(d)

N/A

Question 8 – Other comments

Do you have any other comments on the ISSB's activities and workplan?

N/A