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Norges Bank Investment Management

International Sustainability Standards Board
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Date: 25.06.25

Invitation to comment on Exposure Draft for Amendments to Greenhouse Gas Emissions Disclosures.

We refer to the invitation from the International Sustainability Standards Board (ISSB) to comment on the Exposure Draft on Amendments to Greenhouse Gas Emissions Disclosures (ED GHG) under IFRS S2 Climate-related Disclosures (IFRS S2). We welcome the opportunity to provide feedback on the ED GHG, which is intended to address IFRS S2 application challenges by reducing complexity and duplication of reporting. This is a critical step to maintain jurisdictions' and entities' momentum in adopting and complying with IFRS Sustainability Disclosure Standards (ISSB Standards).

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 1.73 trillion USD at 31 December, 2024. As a long-term investor, we consider our returns over time to be dependent on sustainable economic, environmental and social development, as well as on well-functioning, legitimate and efficient markets. We are active investors in over 65 countries and require reliable, consistent, and comparable financial information across global capital markets.

We strongly support the ISSB standards as the global baseline of investor-focused standards for sustainability-related financial disclosures. We chair the ISSB Investor Advisory Group that provides strategic guidance on standards development and the investor perspective for standard setting processes. We are also a member of the International Accounting Standards Board (IASB) Capital Markets Committee which provides regular input to IASB from the financial statement user perspective, and support strengthening the connectivity between financial statements and sustainability-related disclosures. This enables us to formulate a holistic view of a company's performance and prospects over time, and inform our investment decisions, risk management processes and ownership activities.

Please find in the annex our responses to the consultation questions. We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

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Annex – NBIM responses to consultation questions

Question 1—Measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions

The ISSB proposes to permit entities to limit their disclosure of Scope 3 Category 15 greenhouse gas emissions. This limitation would permit entities to exclude some of their Scope 3 Category 15 greenhouse gas emissions, including those emissions associated with derivatives, facilitated emissions and insurance-associated emissions, when measuring and disclosing Scope 3 greenhouse gas emissions in accordance with paragraph 29(a)(i)(3) of IFRS S2.

(a) The ISSB proposes to add paragraph 29A(a), which would permit an entity to limit its disclosure of Scope 3 Category 15 greenhouse gas emissions to financed emissions, as defined in IFRS S2 (being those emissions attributed to loans and investments made by an entity to an investee or counterparty). For the purposes of the limitation, the proposed paragraph 29A(a) would expressly permit an entity to exclude greenhouse gas emissions associated with derivatives. Consequently this paragraph would permit an entity to exclude emissions associated with derivatives, facilitated emissions or insurance-associated emissions from its disclosure of Scope 3 greenhouse gas emissions.

The proposed amendment would not prevent an entity from choosing to disclose greenhouse gas emissions associated with derivatives, facilitated emissions or insurance-associated emissions should it elect to do so. Paragraphs BC7–BC24 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

(b) The ISSB also proposes to add paragraph 29A(b), which would require an entity that limits its disclosure of Scope 3 Category 15 greenhouse gas emissions in accordance with the proposed paragraph 29A(a), to provide information that enables users of general purpose financial reports to understand the magnitude of the derivatives and financial activities associated with the entity's Scope 3 Category 15 greenhouse gas emissions that are excluded.

Therefore, the ISSB proposes to add:

- paragraph 29A(b)(i) which would require an entity that has excluded derivatives from its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to disclose the amount of derivatives it excluded; and
- paragraph 29A(b)(ii) which would require an entity that has excluded any other financial activities from its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to disclose the amount of other financial activities it excluded.

The term 'derivatives' is not defined in IFRS Sustainability Disclosure Standards, and the ISSB does not propose to define this term. As a result, an entity is required to apply judgement to determine what it treats as derivatives for the purposes of limiting its disclosure of Scope 3 Category 15 greenhouse gas emissions, in accordance with the proposed paragraph 29A(a). The proposed paragraph 29A(b)(i) would require an entity that has excluded derivatives from its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to explain the derivatives it excluded.

Paragraphs BC7–BC24 of the Basis for Conclusions describe the reasons for the proposed disclosure requirements. Do you agree with the proposed disclosure requirements? Why or why not?

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NBIM Response

1(a) We agree with the proposed disclosure requirements permitting entities to exclude scope 3 Category 15 GHG emissions disclosures associated with derivatives, facilitated emissions and insurance-associated emissions, however we have some proposed clarifications.

We recommend that ISSB clarify how the exclusion applies to GHG emissions measurement methodologies beyond the GHG Protocol when entities exercise the jurisdictional relief under paragraph 29(a)(ii) to use alternative measurement methods.

ISSB should clarify if "loans and investments" in paragraph 29A(a) is meant to be a complete or partial list of items (loans, project finance, bonds, equity investments, and undrawn loan commitments). While seemingly designed to cover asset management, commercial banking, and insurance activities, the term is applied inconsistently. For example, paragraph B62A(b) on banking financed emissions includes project finance, but paragraph B63A(b) on insurance financed emissions excludes it—even though insurers also invest in this asset class.

We recommend that paragraph 29A(b)'s "other financial activities" should either be formally defined or replaced with explicit references to investment banking, and insurance and reinsurance underwriting activities. This precision would prevent unintended exclusion of additional Scope 3 Category 15 GHG emissions that this amendment is targeting.

1(b) We agree with the proposed disclosure requirements in principle, however to enhance comparability and connectivity, we recommend that ISSB requires the entity to:

(i) use the same definition of derivatives it uses for financial reporting purposes;
(ii) calculate the “amount” of derivatives or other financial activities excluded in a consistent manner with the entity’s financial statements or explain why if a different way to demonstrate the magnitude is used; and
(iii) disclose the basis for calculation or determination of the amount.

Question 2—Use of the Global Industry Classification Standard in applying specific requirements related to financed emissions

Paragraphs 29(a)(vi)(2) and B62–B63 of IFRS S2 require entities with commercial banking or insurance activities to disclose additional information about their financed emissions. These entities are required to use the Global Industry Classification Standard (GICS) for classifying counterparties when disaggregating their financed emissions information in accordance with paragraphs B62(a)(i) and B63(a)(i) of IFRS S2.

(a) The ISSB proposes to amend the requirements in paragraphs B62(a)(i) and B63(a)(i) of IFRS S2 and to add paragraphs B62A–B62B and B63A–B63B that would provide relief to an entity from using GICS in some circumstances. Under the proposals, an entity can use an alternative industry-

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classification system in some circumstances when disaggregating financed emissions information disclosed in accordance with paragraphs B62(a)–B62(b) and B63(a)–B63(b) of IFRS S2. Paragraphs BC25–BC38 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not? **(b)** The ISSB also proposes to add paragraphs B62C and B63C to require an entity to disclose the industry-classification system used to disaggregate its financed emissions information and, if the entity does not use GICS, to explain the basis for its industry-classification system selection. Paragraphs BC25–BC38 of the Basis for Conclusions describe the reasons for the proposed disclosure requirements. Do you agree with the proposed disclosure requirements? Why or why not?

NBIM Response

2(a) We support paragraphs B62A–B62B and B63A–B63B amendments allowing entities to use alternative industry-classification systems for disaggregating financed emissions information, but only when required for jurisdictional or exchange reporting. However, we do not support the indefinite discretionary use permitted in B62B(d) and B63B(d), as this would likely reduce comparability. GICS licensing cost concerns can be addressed through temporary rather than permanent exemptions.

Paragraphs B62B(a) and B63B(a) currently require an entire entity to use GICS if any part of it already uses GICS. Paragraphs B62B(b)/(c) and B63B(b)/(c) maintain this requirement even when the entity or a component must use a different classification system for jurisdictional or exchange listing requirements. This approach ignores the materiality of the part using GICS, potentially forcing costly duplicate reporting across different systems. We suggest ISSB allow entities to apply a materiality assessment of the relevant entity part, with disclosure of assessment criteria, to determine if paragraphs B62B(a) and B63B(a) should not apply, thus enabling the jurisdictional/exchange relief.

Large financial conglomerates often operate across multiple jurisdictions with diverse activities - a single entity may handle insurance, banking, investment banking, and asset management simultaneously. These activities may face different regulatory reporting requirements, including different industry classification systems. Some financial groups also maintain listings on exchanges using different systems. While paragraphs B62B(b)/(c) and B63B(b)/(c) allow entities to select one system in these cases, we recommend that to improve comparability and usefulness of disclosures, ISSB should require the entire entity to use GICS if any material part already uses it.

2(b) We agree with the proposed requirements for disclosure of the basis for selecting an industry - classification system when the entity does not use GICS.

Question 3—Jurisdictional relief from using the GHG Protocol Corporate Standard The ISSB proposes to amend paragraphs 29(a)(ii) and B24 of IFRS S2 to clarify the scope of the jurisdictional relief available if an entity is required by a jurisdictional authority or an exchange on which it is listed to use a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) to measure greenhouse gas emissions for a part of the entity. The amendment would clarify that this relief, which permits an entity to use a different method for

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measuring greenhouse gas emissions, is available for the relevant part of the entity when such a jurisdictional or exchange requirement applies to an entity in whole or in part, for as long as that requirement is applicable.

Paragraphs BC39–BC43 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

NBIM Response

We support the clarification about jurisdictional relief for entities required by authorities or exchanges to use measurement methodologies other than the GHG Protocol. We recommend amending paragraph B28 to require disclosure of exactly which part of the entity uses each alternative methodology to improve transparency.

Question 4—Applicability of jurisdictional relief for global warming potential values

The ISSB proposes to amend paragraphs B21–B22 of IFRS S2 to extend the jurisdictional relief in the Standard. The ISSB proposes that if an entity is required, in whole or in part, by a jurisdictional authority or exchange on which it is listed to use global warming potential (GWP) values other than the GWP values that are required by paragraphs B21–B22 of IFRS S2, the entity would be permitted to use the GWP values required by such a jurisdictional authority or an exchange for the relevant part of the entity, for as long as that requirement is applicable.

Paragraphs BC44–BC49 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

NBIM Response

We agree with the proposed amendments extending jurisdictional relief for global warming potential (GWP) values, as they prevent duplicative efforts and unnecessary costs for entities subject to jurisdictional or exchange reporting requirements. We recommend amending paragraphs B21-22 to require disclosure of: (1) whether alternative GWP values are used due to jurisdictional requirements or exchange listing rules, (2) which specific parts of the entity use alternative GWP values, and (3) the exact GWP values used for each part. This transparency would help users accurately compare emissions data across entities operating under different regulatory frameworks.

Question 5—Effective date

The ISSB proposes to add paragraphs C1A–C1B which would specify the effective date of the amendments. The ISSB expects the amendments would make it easier for entities to apply IFRS S2 and would support entities in implementing the Standard. Consequently the ISSB proposes to set the effective date so that the amendments would be effective as early as possible and to permit early application.

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Paragraphs BC50–BC51 of the Basis for Conclusions describe the reasons for the proposal. Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

NBIM Response

We agree with the proposed effective date and early application provisions. These targeted, narrow amendments address key concerns of jurisdictions and entities implementing or considering IFRS S2. We recommend ISSB waive the requirement for comparative information specifically for these amended disclosure elements, to accommodate entities that would have already published disclosures based on the original IFRS S2 before these amendments were finalized. This exemption would reduce unnecessary compliance burdens while maintaining reporting integrity during this transition period.

Question 6—Other comments

Do you have any other comments on the proposals set out in the Exposure Draft?

NBIM Response

We have no other comments.

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