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Consultation on Canadian Sustainability Disclosure Standards

We refer to the Canadian Sustainability Standards Board's consultation on the Exposure Drafts of the Canadian sustainability disclosure standards CSDS 1 (General Requirements for Disclosure of Sustainability-related Financial Information) and CSDS 2 (Climate-related Disclosures). We welcome the opportunity to contribute our perspective to the Canadian sustainability reporting regime.

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 2,034 billion CAD at year end 2023, of which 28,1 billion CAD in the shares of Canadian companies.

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 and environmental issues that are financially material to their business. As a global investor with holdings in 70 different countries, we have a clear interest in information being reported in a consistent and comparable manner across markets worldwide. These disclosures inform our investment decisions, our risk management processes and our ownership activities.

We strongly support the International Sustainability Standards Board (ISSB) and its mission to deliver a global baseline of disclosure standards that provide decision-useful information to investors. The ISSB standards IFRS S1 and S2 build on existing frameworks, such as the Taskforce on Climate-Related Financial Disclosures Recommendations (TCFD), and maintain its four-pillar structure around governance, strategy, risk management, and metrics and targets. Furthermore, the ISSB standards have been endorsed by the International Organisation of Securities Commissions (IOSCO) to support the integration of sustainability-related financial information in capital markets. We believe that global comparability and consistency of information can be best achieved by the alignment of jurisdictional regimes with the ISSB standards through the so-called "building blocks" approach, which allows standard setters to address any jurisdiction-specific policy objectives by adding to the global baseline.

We welcome the publication of the Exposure Drafts of the Canadian Sustainability Disclosure Standards (CSDS) and the Canadian authorities' commitment to the adoption of IFRS S1 and S2 as a basis for the former. We strongly welcome that the CSDS are fully aligned with the IFRS standards, with no permanent modification but only extensions of the inherent transition reliefs. We acknowledge

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jurisdictions may need to phase in ISSB requirements in a proportionate way, compatible with their pre-existing regulatory regimes and market practice.


In relation to the proposed criteria for the modification framework, while we acknowledge Canadian authorities' needs to serve the Canadian public interest and achieve consistency with Canadian applicable law or regulation, we underline the importance of maintaining alignment with global standards. Limiting modifications to the ISSB standards promotes global consistency and investors' need for comparable, decision-useful information. It also reduces the reporting burden for companies which operate across borders and might be subject to multiple reporting requirements. We therefore call on the CSSB to only make additions, rather than deletions and/or amendments to IFRS Sustainability Disclosure Standards, under the modification framework.


Regarding focus areas highlighted by the CSSB, we strongly support the suggested scope of CSDS 1 based on IFRS S1 with no modifications, as well as the requirement to align timing of sustainability reporting with financial statements. This alignment improves connectivity with financial information and facilitates analysis by investors and other providers of capital. We also concur with the CSSB that Scope 3 emissions disclosures contain crucial information about a company's exposure to climate-related risks and opportunities in its value chain. Whilst we recognize preparers' concerns about measurement uncertainty and capacity, we strongly encourage the CSSB to maintain related disclosure requirements in the final Standards. Similarly, we reiterate the importance of information on climate resilience, and suggest that feasibility concerns could be tackled by providing guidance rather than removing requirements on scenario analysis. We also note that IFRS S2 allows a commensurate approach to address the variety in skills, capabilities, and resources available to preparers.

Finally, we note the announcement from the Canadian Securities Administrators (CSA) in March 2024, that at this moment it may consider adopting only those provisions in the CSSB standards which are necessary to support climate-related disclosures. However, information about sustainability risks and opportunities that affect companies' prospects, beyond climate-related information, is equally important and relevant to investors. We therefore encourage the CSA to consider broadening the scope of the anticipated climate disclosure regime, or at least signal a commitment and timeframe for doing so soon.

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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