

Global Sustainability Standards Board
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GRI Climate Change Standard Exposure Draft

We refer to the Global Reporting Initiative's Exposure Draft of the Climate Change Topic Standard, published for consultation in November 2023. We welcome the opportunity to contribute our investor perspective to GRI's work on this important topic.

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 15,765 billion Norwegian kroner at year end 2023. We are a long-term investor, working to safeguard and build financial wealth for future generations.

The long-term return of the fund depends on sustainable economic, environmental and social development, as well as well-functioning and efficient markets. Climate risk has long-term and systematic characteristics, and our investments are exposed to both physical and transition risks. We support global principles and standards that underpin an orderly climate transition and have promoted the development of strong reporting frameworks for corporate climate risk disclosure for over a decade. Limited access to high-quality data on the climate risk faced by companies hampers our ability to take better investment decisions, undertake more purposeful company engagement and develop tailored voting decisions.

We welcome the project's aim to revise GRI climate-related Standards, which systematizes existing disclosures on GHG emissions and energy consumption while also reflecting developments on climate change-related reporting. We have long encouraged our portfolio companies to use GRI Standards for reporting on their significant impacts on people and planet, and continue to believe that GRI Standards provide a useful complement to the International Sustainability Standards Board standards, which are focused on financial materiality.

Interoperability of reporting frameworks and standards is a key concern for global investors like us, who have holdings across multiple jurisdictions. We welcome the collaboration between GRI, the ISSB and the EU authorities to enhance interoperability of their respective standards, and continue to urge these institutions to align their work as much as feasible.

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Against this background, we would caution GRI against including reporting requirements which contradict or only marginally improve upon the ISSB standards, and encourage maintaining exactly the same wording for common disclosures.

While we understand stakeholders' expectations on climate change impacts have evolved, we believe that some of the proposed requirements might be overly granular. These additional disclosures include most just transition metrics, the impacts from the mitigation plan on people and environment, impacts from the adaptation plan on people and environment, impacts of carbon removals on people and environment, and monitoring impacts of carbon credit projects on people and environment. We suggest GRI considers streamlining and removing duplication whenever possible, e.g. by combining the disclosure related to the impacts of both transition and adaptation plans on people and environment, or on impacts of both removals and carbon credit projects on people and environment. Such disclosures on the impacts on workers, local communities, and vulnerable groups, as well as biodiversity, could be included in the relevant GRI Topic Standards.

Similarly, we suggest that GRI streamlines some of the disclosures related to climate change mitigation and climate change adaptation (CC-1 and CC-2). We support the separation between mitigation and adaptation strategies, as these are likely to involve different technical solutions, be rolled out over different timelines, and affect different stakeholders. However, we believe that certain disclosure elements such as the governance of both plans could be combined. This could also be done for climate-change related scenarios, which are currently mentioned in the disclosure requirement on climate change adaptation CC-2, but are also relevant for climate change mitigation. As far as the new disclosure requirements on companies' progress towards their targets are concerned, we support this requirement, as we need this information to assess a company's decarbonisation journey. However, we believe it may be overly prescriptive to demand separation between what is due to organisational initiatives, secondary effects, or changes in external factors; we would hence encourage GRI to amend this disclosure to require information on the levers that the company has relied upon.

Regarding disclosure requirements on the just transition (CC-3), we would advise against adding granular requirements which are not to be found in any other standard or framework. Rather than requiring disclosures on the number of jobs created/eliminated/deployed or the numbers of employees trained, as an investor we would find it more helpful to see qualitative disclosure regarding such elements. Similarly, disclosing the locations with impacts on communities due to the transition plan can overlap with broader human rights-related disclosures. Regarding the requirement to disclose the percentage of locations covered by agreements with local communities, we would similarly encourage GRI to rather encourage disclosure on the company's policy towards engagement with such affected communities. We see the company-specific elements of a just transition as first and foremost a component of a company's approach to human rights and human capital, rather than a separate topic. Finally, we note that just transition issues arise not just in transition plans, but also adaptation plans.

Regarding disclosure requirements on GHG emissions reduction target setting and progress (CC-4), we suggest rephrasing the explanation on how targets are aligned with the latest scientific evidence on the effort to limit global warming to 1.5 degrees, to a disclosure on whether and how the targets are aligned with science-based industry pathways. While we do need information on the base year chosen for emission reduction targets, we believe disclosure of the rationale for choosing a specific year to be less relevant. We welcome disclosure of emissions intensity metrics.

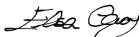
Finally, regarding disclosures on removals in the value chain (CC-5), we believe it may be too granular to require corporates to disclose how quality criteria are monitored at the level of each storage pool; this could be disclosed at the entity level instead. On carbon credits (CC-6), we suggest removing some of the detailed requirements at the project level, such as the project name and ID, or the cancellation serial number and date. On the other hand, we support the proposal to require disclosure of the vintage year, and would further suggest disclosure of the price (or price range) paid for the carbon credit, as this be a helpful indication of project quality and is usually linked to a corporate's internal carbon price.

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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