



European Commission,
Directorate-General for Financial Stability, Financial Services and Capital Markets
Union (DG FISMA)
Spa2 Pavillon, Rue de Spa 2 / Spastraat 2, 1000 Bruxelles/Brussel.

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European Commission's Consultation on the Draft Revised European Sustainability Reporting Standards

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank). We are responsible for investing the Norwegian Government Pension Fund Global. As of year-end 2024, we managed EUR 1.79 trillion in assets, including EUR 232 billion invested across 1,080 companies in the 27 European Union countries.

We welcome this consultation on the revised European Sustainability Reporting Standards (ESRS). As a long-term, global investor, we believe our returns depend on sustainable development in economic, environmental and social terms. We need consistent, comparable, and reliable sustainability information to assess companies' long-term prospects. We support the Commission's efforts to simplify the ESRS and appreciate the meaningful progress the draft represents. We have engaged in this revision process through responses to the European Financial Reporting Advisory Group (EFRAG) in May and September 2025 and welcome this opportunity to provide further input.¹

As an overarching observation, we consider simplification and interoperability with the International Sustainability Standards Board (ISSB) Standards to be complementary rather than competing objectives. The ISSB Standards have become the global baseline for sustainability reporting, having been adopted in approximately 42 jurisdictions representing around 60% of global GDP. The ISSB's building blocks model provides an investor-focused baseline that jurisdictions may build on, adding requirements suited to their broader sustainability ambitions. Were the EU to build on the ISSB model, it could continue to pursue its double materiality objectives while keeping the financially material information investors need comparable across frameworks. For global investors such as NBIM, this would make it considerably easier to compare European companies with their international peers. For companies in scope, it would mean meeting both ISSB Standards and ESRS requirements through a single report, reducing the cost and burden of dual reporting. This would strengthen European competitiveness in the process.

The Commission's mandate already requires the revised ESRS to ensure as much interoperability as possible with these standards. We note that some progress has been made on this front. These include improvements to the materiality assessment and anticipated financial effects frameworks, enhanced climate transition plan transparency, revised GHG organizational boundary reporting and

¹ [EFRAG Call for Input on Revision of the European Sustainability Reporting Standards | Norges Bank Investment Management](#); [EFRAG call for input on revision of the European Sustainability Reporting Standards | Norges Bank Investment Management](#).

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the retention of IFRS industry-based guidance as a source for entity-specific disclosures. We would nonetheless encourage the Commission to go further in the following areas:

- Maintaining all existing provisions already aligned with ISSB Standards
- Avoiding new amendments that reduce interoperability with ISSB Standards, such as the extension of the commercial prejudice exemption to anticipated financial effects and the phase-in of quantitative non-climate anticipated financial effects disclosures until FY2030
- Clarifying how new relief provisions that diverge from ISSB Standards interact with one another, and whether a minimum disclosure floor applies when multiple reliefs are invoked simultaneously
- Referencing IFRS industry-based guidance, which incorporates Sustainability Accounting Standards Board (SASB) Standards, in the ESRS double materiality assessment to strengthen industry-specific financial materiality alignment with ISSB Standards
- Working with the ISSB as it develops its nature-related disclosure practice statement to support convergence between European and global approaches in this area
- Adopting two targeted technical amendments, a non-obscuring principle and an optional presentation format, to enable companies to meet both ISSB Standards and ESRS requirements through a single report

Beyond ISSB interoperability, we would also encourage the Commission to maintain alignment with established international frameworks in the following areas:

- Preserving ESRS S1 Disclosure Requirement 9 on adequate wages, which benchmarks wages against International Labour Organization (ILO) living wage criteria to capture whether companies pay wages sufficient to sustain a decent standard of living
- Restoring the concept of direct linkage in the social standards, which the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises use to define companies' responsibilities for adverse impacts through their business relationships. The draft replaces it with 'other connection', an undefined term that risks incoherence with the Corporate Sustainability Due Diligence Directive (CSDDD) and makes social risk disclosures harder to compare across our portfolios

The sections below detail these positive developments and areas where we believe further progress would be beneficial.

Positive Amendments

We are pleased to note progress in the following areas.

Materiality assessment and fair presentation. The draft clarifies that only material information needs to be disclosed, and that fair presentation applies to the sustainability statement as a whole. These changes reduce compliance burden and move the ESRS closer to the approach in IFRS S1.

Climate transition plan transparency. We welcome the new requirement for undertakings to be transparent where transition plan targets are not compatible with limiting global warming to 1.5

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degrees Celsius. This is an important safeguard for investors assessing the credibility of companies' climate commitments.

Greenhouse gas (GHG) organisational boundary. We welcome the revised approach to GHG organisational boundary reporting. Financial control remains the default, but undertakings may now use the equity share or operational control approach as an alternative. This is consistent with the flexibility afforded under IFRS S2.

Anticipated financial effects framework. The draft makes quantitative disclosure of anticipated financial effects mandatory, adds a third ground for omission aligned with IFRS S1,² and clarifies that updating estimates does not constitute a prior-period reporting error. Together these provisions create a stronger basis for decision-useful financial information.

IFRS industry-based guidance. The revised standards retain a reference to IFRS industry-based guidance, which incorporates SASB Standards, as a source for entity-specific disclosures.³ This is a useful foundation for industry-specific reporting and an important point of connection with ISSB Standards.

Areas for Further Consideration

The following provisions, however, warrant further consideration in terms of their interoperability with ISSB Standards.

Deletion of ISSB-Aligned Datapoints

In our September 2025 response to EFRAG, we raised concern about the proposed deletion of seven ISSB-aligned disclosure requirements. The Commission has confirmed this decision in the draft revised ESRS. Where similar information remains available elsewhere in the revised standards, our concern is that investors holding companies across both frameworks cannot compare information presented in different formats like-for-like.⁴ Where no substitute exists, the deletions create new gaps in the ISSB-ESRS interoperability guidance.⁵ Neither outcome sits comfortably with the Commission's own interoperability mandate, and we would encourage the Commission to reconsider these deletions in finalising the delegated act.

Anticipated Financial Effects: Commercial Prejudice Exemption

² Draft revised ESRS 2 SBM-3 paragraph 27 requires disclosure of qualitative and quantitative information on anticipated financial effects. Paragraphs 28-29 allow omission of quantitative information in three circumstances: (i) effects not separately identifiable from other factors (paragraph 28(a)); (ii) measurement uncertainty so high the information would not be useful (paragraph 28(b)); or (iii) inadequate skills, capabilities or resources (paragraph 29). EFRAG's draft included only grounds (i) and (ii). The Commission added ground (iii), consistent with IFRS S1 paragraph 18.

³ IFRS industry-based guidance is referenced in draft revised ESRS 1, Application Requirement 5, as a source for entity-specific disclosures. It is not referenced in Chapter 3 of draft revised ESRS 1 (double materiality assessment).

⁴ Datapoints where similar information remains available elsewhere: management's role in sustainability governance (ESRS 2 GOV-1); monitoring progress against previously disclosed actions (ESRS 2 MDR-A); methodology details for Scope 3 GHG emissions measurements (ESRS E1, AR 46(g)).

⁵ Datapoints where no equivalent substitute exists: integration of sustainability into risk management (ESRS 2 IRO-1, paragraph 53(e)); gross GHG emissions intensity (ESRS E1, paragraph 53); sustainability-related remuneration for management bodies (ESRS 2 GOV-2); and climate considerations in executive remuneration (ESRS 2 GOV-2).

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While we welcome the improvements to the anticipated financial effects framework noted above, two aspects warrant further consideration. The draft extends the commercial prejudice exemption to cover anticipated financial effects disclosures.⁶ In practice, this could allow undertakings to withhold the specific figures quantifying their exposure to climate-related physical and transition risks. This is precisely the information investors need to assess financial resilience.

The approach differs from IFRS S1, which limits the commercially sensitive information provision to opportunity-related disclosures. An undertaking could invoke it, for example, to protect plans to profit from a proprietary green technology. Its use in relation to sustainability-related risks is explicitly prohibited.⁷ The ESRS exemption does include a threshold, requiring that omissions do not prevent a fair and balanced understanding of material risks.⁸ In practice, though, an undertaking could satisfy this through qualitative narrative while still withholding the specific figures that matter.

To ensure investors continue to receive the quantitative risk information they need, we would encourage the Commission to bring the ESRS into line with IFRS S1 on this point, by limiting the commercial prejudice exemption to opportunity-related anticipated financial effects and explicitly disapplying it for risk-related ones.

The second concern relates to the timeline for disclosure. The draft includes a phase-in allowing companies to defer quantitative disclosure of anticipated financial effects for non-climate sustainability topics until FY2030. We recognise that quantifying financial effects across all sustainability topics presents genuine methodological challenges. However, IFRS S1 requires this disclosure from year one. Both IFRS S1 and the draft ESRS already include proportionality mechanisms, including limiting information to what is available without undue cost or effort, and allow companies to provide qualitative rather than quantitative information where effects are not separately identifiable, measurement uncertainty is too high, or they lack the necessary skills and resources. A fixed deferral until 2030 goes beyond these existing mechanisms, creates a structural gap with ISSB Standards and means investors will lack comparable non-climate financial effects data for several years. We would encourage the Commission to consider whether this phase-in can be shortened, alongside the development of clearer methodological guidance for non-climate topics.

Interaction of Relief Provisions

We have previously highlighted that relief provisions diverging from ISSB Standards can allow undertakings to omit categories of information that are material to investors.⁹ The concern deepens where it is unclear how these reliefs interact, or whether any minimum disclosure floor applies when

⁶ The extension appears in draft revised ESRS 2, Application Requirement AR 17 for paragraph 27, which states that the omission provisions in draft revised ESRS 1, Chapter 7.7, including the commercial prejudice ground, also apply when reporting on anticipated financial effects.

⁷ IFRS S1 paragraph B34 confines the commercially sensitive information provision to 'information about a sustainability-related opportunity.' Paragraph B37 states that an entity 'is prohibited from using the exemption specified in paragraph B34 in relation to a sustainability-related risk.'

⁸ Draft revised ESRS 1, paragraph 100(a)(i) requires that any omission under the commercial prejudice ground 'does not prevent a fair and balanced understanding of the undertaking's development, performance and position, or of its material risks or impacts.'

⁹ Amongst others, these include: (i) Extension of undue cost or effort relief to all metrics including own operations, whereas ISSB Standards limit this to four applications: identifying climate-related risks and opportunities; determining value chain scope; quantifying anticipated financial effects; and selecting Scope 3 measurement approaches. (ii) Removal of the preference for direct data collection for value chain metrics (IFRS S2 paragraphs B43 and B47). (iii) Relief allowing companies to include or exclude acquired or disposed subsidiaries from subsequent rather than current reporting periods (IFRS S1 paragraphs 20 and B38).



several are invoked at once. We would encourage the Commission to clarify this. We would also welcome confirmation of which reliefs are meant to be transitional, and a commitment to monitor how they are used.

SASB Standards in the Double Materiality Assessment

We reiterate our recommendation that IFRS industry-based guidance also be referenced in the double materiality assessment provisions of ESRS 1. SASB Standards identify financially material sustainability topics and metrics by industry. Referencing them at the assessment stage, where undertakings determine which sustainability issues affect their financial performance, is where such guidance would be of most practical use.

Nature-Related Disclosures

We note that the revised ESRS E4 significantly reduces biodiversity disclosure requirements, with the Taskforce on Nature-related Financial Disclosures (TNFD) retained as a non-mandatory reference. Separately, in April 2026, the ISSB decided to develop a nature-related IFRS Practice Statement drawing on the TNFD framework, with an Exposure Draft expected by COP17 in October 2026. As both frameworks continue to develop in this space, we would encourage the Commission and the ISSB to engage with one another with a view to ensuring that European and global standards remain aligned and investors continue to receive decision-useful information on nature-related risks and opportunities.

Two additions to enable Single-Report Compliance

Beyond the specific concerns noted above, two targeted technical amendments would allow companies to meet ESRS and ISSB Standards efficiently through a single report, without relying on a separate interoperability guide. We would encourage the Commission to consider both.

The first is a non-obscuring principle. This would require investor-relevant information within a sustainability statement to be clearly identifiable and not obscured by disclosures directed at other audiences. ESRS sustainability statements serve multiple audiences, and without this principle investors face additional effort to locate the financially material information they need. IFRS S1 includes this requirement, and we would welcome its incorporation into ESRS.¹⁰

The second is flexibility in presentation format. ESRS currently requires a mandatory four-part structure, while IFRS S1 allows flexibility in how sustainability disclosures are presented.¹¹ Giving companies the option to present disclosures in a way that facilitates compliance with both frameworks

¹⁰ IFRS S1 paragraph 14 requires that material information is not obscured by immaterial information. The non-obscuring principle is identified in the ESRS-ISSB Standards Interoperability Guidance (May 2024) as one of two amendments needed for companies to meet ISSB Standards when reporting under ESRS.

¹¹ Draft revised ESRS 1 requires sustainability disclosures to follow a mandatory four-part structure covering general, environmental, social and governance information. IFRS S1 paragraph 52 allows flexible presentation. The optional format is identified in the ESRS-ISSB Standards Interoperability Guidance (May 2024) as the second amendment needed for efficient dual compliance.



would remove a structural barrier to single-report compliance without affecting the substance of what is disclosed.

Concluding remarks

This draft reflects genuine progress, and we are encouraged by the direction of travel. We look forward to the continued constructive dialogue between the Commission, EFRAG and the ISSB, which has already contributed to important areas of alignment. Further steps on the points noted above would strengthen the standards, better fulfil the interoperability mandate, and support European competitiveness.

We appreciate the Commission's consideration of our perspective and remain available for further discussion.

Yours sincerely

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