Norges Bank
Investment
Management

Department for Business and Trade
Old Admiralty Building, Admiralty Place
London
SW1A 2DY
United Kingdom

Date: 17.09.25

DBT consultation on UK Sustainability Reporting Standards

We refer to the invitation to comment on the Department for Business and Trade's consultation on the UK Sustainability Reporting Standards. We appreciate the opportunity to contribute our investor perspective on the UK adoption of the ISSB standards and the future 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 (the fund). NBIM is a globally diversified investment manager with 19,754 billion Norwegian Kroner at end 2024, of which 1,137 billion (ca GBP 80 billion) invested in the United Kingdom. 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 as the global baseline of investor-focused standards for sustainability-related financial disclosures. The ISSB standards share the same conceptual foundations as the International Accounting Standards Board (IASB) financial reporting standards. Investors will be able to receive sustainability-related financial information that is concurrent, connected and complementary to financial statements. This is critical for us to formulate a holistic view of a company's performance and prospects over different time horizons and inform our investment decisions, risk management processes and stewardship activities.

We strongly welcome the UK government's intention to endorse the ISSB standards, and believe that the amendments from the IFRS standards should be minimized to retain the benefits of global comparability. We therefore encourage the government to reconsider Amendment 5 on the wording referring to the SASB standards, which would create a permanent deviation from the ISSB standards. Should UK entities not be required to consider the SASB materials when identifying the sustainability topics and related disclosures which are relevant to their industry, there is a risk that the industry specificity of such disclosures is weakened, and that the comparability of disclosures with those published by entities in other jurisdictions is affected. Regarding Amendment 3 removing the requirement to use the GICS classification system, we encourage UK authorities to await the outcome of the IFRS standard setting process before considering making changes to the UK version of the standards.

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We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

Signed by:
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Consultation questionnaire

1. Do you agree or disagree with the UK government's 4 amendments based on the TAC's recommendations? Provide your rationale.

   Amendment 1 would remove the transition relief in IFRS S1 that permits delayed reporting in the first year. We agree that this could support connectivity between financial statements and sustainability-related financial disclosures. In particular, UK entities which have been required to publish TCFD-aligned climate-related disclosures since 2022 are well positioned to produce SRS-aligned reporting simultaneously with their financials. However, this in-built temporary relief might still be helpful given that the scope of SRS reporting goes beyond climate, and that companies have not so far been mandated to produce broad sustainability-related financial disclosures. We therefore believe that it is not necessary to remove this transition relief.

   Amendment 2 would extend the transition relief in IFRS S1 that permits a "climate-first" approach by an additional year to make it available for 2 years. Given that UK SRS S1 and S2 will include broader requirements than climate, we acknowledge that this relief might be helpful for reporting entities which have so far only produced climate-related disclosures. This approach is also consistent with the approach taken by several other jurisdictions adopting ISSB standards. In our view, it is most important to maintain the same end goal of achieving a consistent and full regulatory adoption of ISSB, and acknowledge that extending some of the IFRS temporary built-in reliefs can be helpful in supporting preparers on this journey. Therefore, whilst we support an ambitious implementation timeline, we see use or extension of temporary reliefs as a pragmatic approach for jurisdictions to enable a smooth adoption.

   Amendment 3 would remove the requirement to use the Global Industry Classification Standard (GICS) in IFRS S2. As noted by the consultation paper, the ISSB recently consulted on an amendment to the requirement to use the GICS in IFRS S2. In our response to that consultation, we supported allowing entities to use alternative industry-classification systems for disaggregating financed emissions information when required for jurisdictional or exchange reporting[1]. Given the ongoing IFRS standard setting process, we strongly encourage the UK government to await its outcome rather than introduce any permanent deviation from the standards.

   Amendment 4 would remove the "effective date" clauses in IFRS S1 and IFRS S2, and allow the effective date to be subsequently set in the relevant legislation or regulation. We support this amendment.

2. Industry practice is to use the balance sheet for loans and investments from a previous period to calculate financed emissions (where it is impracticable to provide the information for the current reporting period end). Do you agree or disagree that this results in decision-useful information, and what additional guidance might be useful?

[1] [Invitation to comment on Exposure Draft for Amendments to Greenhouse Gas Emissions Disclosures | Norges Bank Investment Management]

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Whilst it would be preferable for financial institutions to report their financed emissions based on data from the same reporting period as the rest of their sustainability-related disclosures and financial statements, we understand that current industry practice is to report the latest available reliable information for a previous period. While this data might be not be the most recent when reporting, it still represents decision-useful information.

3. For entities subject to financed disclosure requirements, what is the impact of revising comparative data for financed emissions calculations and what additional guidance might be useful?

   N/A

4. Do you have any other comments on the TAC's final report and recommendations? Include any supporting evidence.

   N/A

5. Do you agree or disagree that 'shall' should be amended to 'may' in "shall refer to and consider the applicability of… [SASB materials]"? Provide your rationale, including any views you have on the timing of the review of the amendment.

   We disagree that "shall" should be amended to "may" in "shall refer to and consider the applicability of… [SASB materials]. Investors have long valued industry-specific disclosures, which reflect the materiality of different sustainability-related risks and opportunities across sectors and are often integrated in their risk management and investment integration frameworks. A recent study also shows that 70% of the 100 largest UK companies were either referencing or using SASB standards as of 2023[2]. We therefore encourage the government to maintain the original reference to SASB standards, which have provided a decision-useful framework on sustainability information for many years. Entities should be required to consider ("shall" consider) the SASB standards as a source of guidance when identifying relevant sustainability matters and related disclosures, rather than merely being encouraged to do so ("may" consider). As noted in the consultation document, this wording would still not require entities to disclose information using the SASB materials, should the entity decide that the latter are not applicable in its context, but it would avoid creating a deviation from the global baseline and thus maintain the benefits of global alignment. A reference to SASB as included in IFRS S1 and S2 can help drive consistency and comparability of disclosures across reporting entities in the same industry, and also help preparers in identifying disclosures relevant to their business. Furthermore, we highlight the ongoing process of targeted enhancements to the SASB standards by the IFRS Foundation, and encourage UK authorities to share with the ISSB any input they might have on the latter.

6. Do you agree or disagree with the proposal to link the reporting periods in which a transition relief can be used to the date of any reporting requirements coming into force? Provide your rationale.

[2] The State of Play: Sustainability Disclosure and Assurance | IFAC

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We agree with the proposal to link the reporting periods in which a transition relief can be used to the date of introduction of mandatory reporting requirements, as such reliefs are designed to facilitate entities' compliance with mandatory reporting.

7. Explain your views on: a) whether disclosure of the purchase and use of carbon credits in the current period would be useful information b) what the barriers to companies being able to produce this information are (including the availability of the information required for reporting and the associated costs) c) whether (and how) any further disclosures would be useful.

   We welcome the requirement in IFRS S2 for entities to disclose their planned use of carbon credits to meet any GHG emissions reduction targets they might have. We believe that companies should be able to use carbon credits as a supplement to signal high climate ambitions, but should follow the mitigation hierarchy and prioritise reducing GHG emissions from their own operations and value chains[3]. In our view on corporate use of voluntary carbon credits, we note that more transparency on companies' use of carbon credits and their cost in corporate reporting would be beneficial; however, we do not make a specific distinction between planned and current use[4]. We agree with the assessment that additional disclosures on the purchase and use of carbon credits during the applicable reporting period do not merit divergence from the content of IFRS S2 at this stage.

8. What are your views on the potential amendments to IFRS S2 proposed by the ISSB at this time?

   Regarding the measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions, we agree with the proposed amendment permitting entities to exclude emissions associated with derivatives, facilitated emissions and insurance-associated emissions, subject to some proposed clarifications. Regarding use of the Global Industry Classification Standard in applying specific requirements related to financed emissions, we support the amendment allowing entities to use alternative industry classification systems for disaggregating financed emissions information, but only when required for jurisdictional or exchange reporting. We also agree with the proposed requirement to disclose the basis for selecting an alternative classification system when the entity does not use GICS. We support the clarification about jurisdictional relief for entities required by authorities or exchanges to use measurement methodologies other than the GHG Protocol, and similarly agree with the proposed amendments extending jurisdictional relief for global warming potential (GWP) values, which prevent duplicative efforts and unnecessary costs for entities subject to jurisdictional or exchange reporting requirements. For further detail, please refer to our consultation response to the International Sustainability Standards Board[5].

9. Do you have any other comments (including any supporting evidence you would like to share) on the UK government's 2 amendments based on the PIC's conclusions? Explain them here.

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[3] Climate change

[4] Corporate use of voluntary carbon credits | Norges Bank Investment Management

[5] Invitation to comment on Exposure Draft for Amendments to Greenhouse Gas Emissions Disclosures | Norges Bank Investment Management

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N/A

10. Overall, do you agree that the UK government should endorse the standards, subject to the amendments described? Explain any other amendments that you judge to be necessary for endorsement and why.

    Yes, we strongly agree that the UK government should endorse the standards, and believe that the amendments from the IFRS standards should be minimized to retain the benefits of global comparability. We encourage the government to reconsider Amendment 5 on the wording referring to the SASB standards, which would create a permanent deviation from the ISSB standards. Should UK entities not be required to consider the SASB materials when identifying the sustainability topics and related disclosures which are relevant to their industry, there is a risk that the industry specificity of such disclosures is weakened, and that the comparability of disclosures with those published by entities in other jurisdictions is affected. Regarding Amendment 3 removing the requirement to use the GICS classification system, we encourage UK authorities to await the outcome of the IFRS standard setting process before considering making changes to the UK version of the standards.

11. Explain the direct and indirect benefits that you are expecting to result from the use of UK SRS S1 and UK SRS S2. Include an assessment of those benefits which are additional to benefits arising from current reporting practices.

    As an investor, we anticipate considerable benefits deriving from the UK regulatory adoption of the ISSB standards, which will enhance the global comparability and consistency of sustainability-related financial disclosures across our UK portfolio companies. Compared to current reporting practices which are based on TCFD-aligned climate reporting and mostly voluntary reporting on other sustainability topics, the additional benefits of the UK SRS include a broad scope and the adoption of an investor-focused, financial materiality lens which facilitates their consideration in investment and valuation processes. We particularly look forward to the ISSB disclosure requirements which represent enhancements compared to TCFD, such as the requirement to disclose current and anticipated financial effects deriving from climate change. These additional disclosure requirements will facilitate boards' strategic focus on the financial materiality of sustainability-related risk and the company's strategic management of such risk. For entities subject to reporting requirements, we anticipate that the use of a recognized and widely adopted global standard will reduce the reporting burden for companies in scope of multiple jurisdictional requirements due to their cross-border activities. We hope that the widespread jurisdictional adoption of ISSB, coupled with the introduction of third country frameworks which recognize its equivalence, can turn ISSB into a "passporting" device which helps companies comply with sustainability reporting requirements in most, if not all, of their countries of operation.

12. Explain the direct and indirect costs that you are expecting to result from the use of UK SRS S1 and UK SRS S2. Include an assessment of those costs which are additional to costs arising from existing reporting practices.

    N/A

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13. What are your views on the merits of economically-significant private companies reporting against UK SRS? Explain your assessment of direct and indirect benefits and costs.

    NBIM holds almost 70% of its investments in public listed companies, hence our primary interest lies in listed companies being subject to mandatory reporting. However, we are supportive of expanding the scope of mandatory reporting to large private entities. First, this would help create a level playing field and reduce the discrepancy in reporting requirements between private and public entities, which can act as a disincentive to list. Second, many sustainability-related reporting requirements necessitate data and inputs from value chain entities, so having significant private companies in scope of a mandatory regime could improve data availability in the wider ecosystem.

14. For non-listed entities, what are your views on your readiness to report against UK SRS – particularly UK SRS S1, which covers non-climate reporting? Explain whether you require additional resources to report on UK SRS, beyond resources used for existing climate or sustainability-related reporting, and what these resources would be.

    N/A

15. What (if any) would be the opportunities to simplify or rationalise existing UK climate-related disclosures requirements, including emissions reporting, if economically-significant private companies are required to disclose against UK SRS? Consider how duplication in reporting can be avoided. Responses to this question will support the government's review of the UK's non-financial reporting framework.

    N/A

16. Explain which other sustainability-related disclosure requirements your organisation currently reports against or expects to report against. How does this affect your assessment of associated costs and benefits for any UK SRS reporting?

    N/A

17. What support from UK government or regulators may be useful for SMEs and what support is already available within the market? Explain which costs could be mitigated and/or which benefits could be realised through this support.

    N/A

18. Explain your assessment of the legal implications of using UK SRS and your assessment of the existing provisions in section 463 of the Companies Act.

    N/A

19. If you have any other comments (including any supporting evidence) on the potential costs and benefits of UK SRS for any stakeholder, including any comments on sector-specific impacts, explain them here.

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N/A

20. What are your views on the quality and availability of existing guidance for the topics listed in paragraph 5.4? Explain what additional guidance – particularly on a global basis – would be helpful and why.

We believe that any additional guidance for entities reporting against ISSB standards should ideally be produced by the IFRS Foundation. Among the list of items identified by the TAC as requiring clarification or additional guidance, we particularly welcome the recent IFRS guidance on current and anticipated financial effects, which represents one of key enhancements of the ISSB standards compared to TCFD. In addition to guidance or educational material, it might be helpful for UK authorities to facilitate or support capacity building efforts among the relevant stakeholders (preparers, investors i.e. users, and assurance providers).

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