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INVESTMENT MANAGEMENT

Global Sustainability Standards Board
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GRI Biodiversity Standard Exposure Draft

We refer to the Global Sustainability Standards Board (GSSB)'s public consultation on the exposure draft of the revised GRI Biodiversity Standard, published on 5 December 2022.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Norwegian Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. 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 recognise and support the GRI's intention to continue working together with other standard setters to facilitate harmonisation and interoperability of sustainability reporting standards. We encourage the GRI to ensure interoperability with other frameworks and standards, such as the forthcoming recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), which is developing a risk management and disclosure framework across all realms of the natural world (land, freshwater, oceans and atmosphere). As part of this, the TNFD is working on a methodology to assist companies in identifying and prioritising the location of their most significant biodiversity impacts and dependencies. We view the TNFD's forthcoming framework as helpful guidance for companies in assessing biodiversity-related risks and opportunities, and complementary to the GRI's Biodiversity topic standard.

We welcome the GRI's intention to collaborate with the IFRS Foundation in creating an interconnected approach for sustainability disclosures, as outlined in the Memorandum of Understanding signed in March 2022. Interoperability among standards helps ensure comparability and consistency of disclosure across companies and reduce duplicative reporting requirements, in turn providing decision-useful information for investors and other stakeholders. It is also important to recognise that many companies will be reporting both on their dependencies (financial materiality) and their impacts. While our starting point as an investor in assessing companies' sustainability information is financial materiality, we encourage companies to disclose the broader environmental and social consequences of business operations, and to use GRI standards in doing so. Such outcomes may themselves

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become financially material over time, especially for diversified investors with a long-term investment horizon like NBIM.

We welcome the revisions to the GRI Biodiversity Standard, notably the introduction of reporting on impacts in the supply chain, given this is where the most material biodiversity impacts and dependencies are often located. We do however note that collecting data from suppliers can be challenging, both due to complex supply chains and lack of direct control over business partners. We therefore support the intention to focus on the most important drivers of biodiversity loss, in line with IPBES guidance, and on priority locations, as it would be challenging for preparers to measure and report on every single driver and every single location. To help companies locate their interface with nature, the GRI could look to the LEAP approach (Locate, Evaluate, Assess, Prepare) under development by the TNFD. The LEAP approach will provide voluntary guidance intended to support companies in their nature-related risk and opportunity assessments and could help preparers in this prioritisation exercise.

Finally, we note that while the GRI defines impact as both positive and negative as per the Glossary definition, the Standard itself is focused on reporting of negative impacts. We would encourage the GRI to consider how the Standard can more fully take positive impacts and biodiversity gains into consideration.

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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Exposure draft public comment questionnaire

Disclosure 304-1 Location of operational sites with the most significant impacts

Question 1.1

Are the requirements and associated guidance of Disclosure 304-1 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

The localised nature of biodiversity-related impacts and dependencies means that organisations often will need to locate their interface with nature in order to fully assess the associated risks and opportunities. The GRI could look to the LEAP approach under development by the Taskforce for Nature-related Financial Disclosures. This will provide voluntary guidance intended to support nature-related risk and opportunity assessments within corporates and financial institutions, for internal purposes. The LEAP is not a mandated process to adhere to the disclosure recommendations put forward by the TNFD. Therefore, not everything that is identified, assessed and evaluated using the LEAP approach is recommended by the TNFD to be disclosed.

Given the fragmented nature of many organisations' supply chains, and the vast number of locations across both their operations and value chains, it is important to prioritise certain locations. While the LEAP guidance is still under development, its current version focused on the ecosystems with which the organisation has an interface that are defined as being in a state of low integrity, high biodiversity importance, or areas of water stress.

Finally, we note that location-specific assessment and disclosure is clearly complex and subject to ongoing evaluation by a number of organisations, including the TNFD. Guidance on the sequencing of the company assessment might be needed, as it might be currently unclear whether companies should first map impacts and dependencies across their value chain, and then identify related priority locations, or whether priority locations should be the starting point. GRI's own Guidance to Disclosure 304-1 acknowledges that an organisation might be unable to identify all operational sites, notably when it has multiple global operations or a vast supply chain. In such cases, GRI encourages companies to carry out an initial assessment or scoping exercise to identify general areas where impacts on biodiversity are most likely to be present and significant. This can then be followed by the identification of the related operational sites, and the assessment of biodiversity impacts for those sites. We encourage the GRI to work closely with the TNFD on a consistent approach.

Question 1.2

Are there any elements of Disclosure 304-1 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

N/A



Disclosure 304-2 Direct drivers of biodiversity loss

Question 1.3

Are the requirements and associated guidance of Disclosure 304-2 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

We welcome the requirements and associated guidance of Disclosure 304-2, notably the alignment with the science-based key drivers of the IPBES global assessment (climate change, invasive alien species, land and sea use change, overexploitation of resources, and pollution). As noted by the TNFD, we believe that the selection of priority impact drivers that reporting organisations should assess and disclose should be based on the frequency, timescale, extent and severity of the impact (low, medium or high), as well as those required by law in the relevant jurisdiction. We also note that the distinction between impacts and dependencies is not always clearcut, and biodiversity is often relevant from both perspectives. In some cases, an organisation's dependence on a particular ecosystem service can also be an impact driver (e.g. water consumption), so there may be some overlap between the impact driver and dependency indicators.

We agree that GHG emissions do not need to be reported for each site reported under 304-1, as differently from the other key drivers they are not location-specific. Finally, we suggest revising the Standard to clarify how freshwater fits within the land and sea-use change category to enhance consistency with the TNFD and IPBES.

Question 1.4

Are there any elements of Disclosure 304-2 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

N/A

Disclosure 304-3 State of biodiversity

Question 1.5

Are there any elements of Disclosure 304-3 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

N/A

Question 1.6



Are the requirements and associated guidance of Disclosure 304-3 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

N/A

Disclosure 304-4 Ecosystem services

Question 1.7

Are there any elements of Disclosure 304-4 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

It might be particularly challenging for reporters to obtain information on the beneficiaries of ecosystem services affected by their suppliers. We also note that the guidance could be clearer on how organisations should determine which ecosystem services are significant enough for them to report on.

Question 1.8

Are the requirements and associated guidance of Disclosure 304-4 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

N/A

Disclosure 304-5 Management of biodiversity-related impacts

Question 1.9

Are there any elements of Disclosure 304-5 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

N/A

Question 1.10

Are the requirements and associated guidance of Disclosure 304-5 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

N/A

Disclosure 304-6 Halting and reversing the loss of biodiversity

Question 1.11



Are there any elements of Disclosure 304-6 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

N/A

Question 1.12

Are the requirements and associated guidance of Disclosure 304-6 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

N/A

Disclosure 304-7 Access and benefit-sharing

Question 1.13

Are there any elements of Disclosure 304-7 that you would find challenging to identify or report? If so, please explain what these are, provide a rationale for your comments, and suggest any wording revisions or guidance.

N/A

Question 1.14

Are the requirements and associated guidance of Disclosure 304-7 clear and understandable? If not, please explain why not, and suggest any wording revisions or guidance.

N/A

The disclosures in the exposure draft of the revised Biodiversity Standard are interconnected. For instance, the operational sites with the most significant impacts on biodiversity reported under Disclosure 304-1 are the focus of Disclosures 304-1 to 304-5. Disclosure 304-5 requires a description of the actions taken to manage the direct drivers of biodiversity loss reported under Disclosure 304-2.

Question 2

Is the connection between the disclosures clear? If not, please explain what could be improved.

N/A

The disclosures in the exposure draft of the revised Biodiversity Standard require information on the most significant impacts on biodiversity that occur in the organization's supply chain.





Question 3

Is it feasible to report information on the organization's suppliers? If not, please explain why, provide a rationale for your comments, and suggest any wording revisions or guidance.

We support the requirement to provide information on the organisation's suppliers. Biodiversity impacts are location-specific and in many cases the most material impacts can be found in an organisation's supply chain. Information on direct operational sites only would not be comprehensive and thus fail to account for an organisation's total biodiversity footprint.

The current draft framework of the TNFD includes a recommended disclosure to "describe an organisation's approach to locate the sources of inputs used to create value that may generate nature-related dependencies, impacts, risks and opportunities" (Risks and impacts pillar, recommended disclosure d). As noted in NBIM's own expectation document on biodiversity and ecosystems, we expect companies to disclose information at the appropriate level of detail on sourcing from environmentally sensitive areas and communicate openly about their processes to engage and monitor suppliers.

Disclosures 304-2, 304-3 and 304-4 in the exposure draft of the revised Biodiversity Standard require information to be reported for each operational site with the most significant impacts reported under 304-1. This includes sites of the organization and of its suppliers.

Question 4

Is it feasible to report the required information for each operational site reported under 304-1? If not, please explain why, provide a rationale for your comments, and suggest any wording revisions or guidance.

Given the complexity of supply chains and the lack of direct control over third parties, it may be difficult for reporters to obtain data for their suppliers' sites as reported under 304-1-c. It may be necessary for organisations to source impact driver data through secondary sources or use proxies when data is unavailable. The type of data used and its limitations should be communicated with transparency, including the implications for how to interpret the conclusions appropriately. Where data is lacking in quality, understanding how companies have managed the risk is important. Some companies may need to start by building a robust understanding of their impact drivers from direct operations with a view to expanding their understanding over time (in collaboration with supply chain partners) to include upstream and downstream activities as well. Ultimately, site and supply chain metrics will need to inform and feed into corporate level metrics, which can be more useful to investors than site-level metrics.

The exposure draft of the revised Biodiversity Standard includes three tables to support organizations to report the information required under Disclosures 304-1 to 304-3.

Question 5



Are the tables clear? If not, please explain what could be improved.

N/A

The exposure draft of the revised Biodiversity Standard introduces the term 'ecosystem conversion' and its definition in the Glossary.

Question 6.1

Do you have any comments on the proposed new term and definition?

N/A

Question 6.2

Are there any additional terms in the draft Standard that need to be defined? If so, please provide a suggested definition or reference to an appropriate existing definition for the term(s).

N/A

The disclosures of the exposure draft for the revised Biodiversity Standard draw on the content of the TNFD beta framework. The TNFD released the third beta version of its prototype risk management and opportunity disclosure framework (v0.3) in November 2022.

Question 7

If you use the TNFD's beta framework v0.3 to identify and assess your impacts on biodiversity, are you able to report on your impacts and the management of the impacts using the proposed GRI disclosures? If not, please explain why, provide a rationale for your comments, and suggest any wording revisions or guidance that would help aligning the contents of the GRI exposure draft with TNFD's framework.

N/A

Question 8

Is there any information missing from the exposure draft of the revised Biodiversity Standard that is essential to understand and communicate an organization's biodiversity-related impacts and how it addresses them?

N/A

Question 9

Do you have any other comments or suggestions related to the exposure draft of the revised Biodiversity Standard? For any additional comments on a specific section of the exposure draft of the revised Biodiversity Standard, use the form below, indicating the disclosure number and line numbers. Consider feedback on clarity, feasibility, and relevance of specific disclosures.



We strongly welcome the references to the work of the Taskforce on Nature-related Disclosures throughout the exposure draft. The TNFD framework will provide guidance for companies to identify their impacts on biodiversity, which in turn will be helpful for reporting under the GRI Biodiversity Standard. On ecosystem services specifically, the TNFD publishes a taxonomy of ecosystem assets and services which could be helpful for organisations reporting under 304-4¹.

Assessment of nature-related risks should also recognise the connections and feedback loops with climate-related risks. This is aligned with the TNFD's draft recommended disclosure (d) under the metrics and targets pillar, i.e. "describe how targets on nature and climate are aligned and contribute to each other, and any trade-offs".

We also welcome the focus on the most significant impact for reporting on location of operational sites under Disclosure 304-1. We support the move towards letting organisations prioritise their attention to their most significant impacts and most sensitive locations, recognising the challenge of scale in addressing a very location-specific issue such as biodiversity. Reporting on all biodiversity impacts for all directly owned and supplier-operated sites would be unduly burdensome and possibly deter preparers from reporting under the Standard. Similarly, we welcome the reporting requirement on the direct drivers of biodiversity loss for each of the significant operational sites.

Finally, we note that while the definition of "impact" in the Glossary includes positive impacts, the language of the Standard itself is focused on negative impacts and biodiversity loss. We think that a standard focused on impacts like GRI could consider encouraging assessment and disclosure of both negative and positive impacts on biodiversity. For example, while a forestry company may have a negative impact on nature by removing trees from an ecosystem, it can also have a positive impact through restoration of native species and maintenance of corridors for animal movement.

¹ [E1: Identification of relevant environmental assets and ecosystem services by priority location » TNFD](#)