



Global Sustainability Standards Board
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Consultation on the GRI Revised Standards for Employment Practices and Working Conditions

We refer to the Global Sustainability Standards Board (GSSB)'s public consultation on the Global Reporting Initiative (GRI)'s exposure draft of the revised standards for employment practices and working conditions: 'GRI 202: Market Presence', 'GRI 401: Employment' and 'GRI 402: Labour/Management Relations', published on 10 June 2024.

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 recognize that revising labour-related disclosures is a high priority for the GSSB. We welcome the GSSB's intention for GRI Labor Standards to fully align with key intergovernmental instruments for business and human rights, including those set by the International Labor Organisation, the United Nations (UN), and the Organisation for Economic Co-operation and Development (OECD). Our human capital management expectations of companies are also based on international standards, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Beyond the respect for fundamental rights, as a long-term investor, we expect companies to address and report on material issues that could affect their future performance. These disclosures help us understand the company's strategy and assess potential operational, legal and reputational risks. As current reporting on human capital policies and commitments tends to be insufficient, we welcome the inclusion of quantitative and qualitative indicators on employment practices and working conditions in the GRI exposure drafts under Set 1 of the revised labour standards.

While companies are increasingly disclosing workforce data, information on workforce demographics and on different employee types remain underreported. We find it encouraging that the exposure draft now requires disclosures on the total number and turnover rate for common types of workers who are not employees, such as contingent workers.¹ We typically have limited information on non-employee workers under company control, so these new disclosures help us understand a company's ability to

¹ GRI: Employment EMPL 7.

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attract and retain diverse talent. However, we also note that the exposure draft calls for a detailed breakdown of hiring and turnover-related disclosures by tenure, employee type, and region, in addition to existing criteria of age, group, and gender.² Disclosures related to internal recruitment rates will also need to be broken down by these categories.³ While we find the disaggregation criteria of gender, employee type, and ethnicity valuable, particularly when assessing diversity and inclusion initiatives, not all disaggregation criteria are necessary in every case. We recommend that the GSSB review these criteria to ensure a balance between the value of the information reported and the potential reporting burden. The standard could encourage companies to consider which categories are most relevant for their business, countries of operation, and unique context.

Where possible and relevant, we believe companies should report metrics on remuneration practices and pay gaps, enabling investors to monitor progress over time. In this regard, we welcome the new disclosure requirement for companies to report discrepancies in gross pay and hourly pay for each employee category.⁴ We also find it beneficial when companies disclose their non-adjusted pay gaps, as this provides us with meaningful information on how fairly they compensate their workers. Therefore, we encourage the inclusion of these specific disclosures within the GRI remuneration and working time exposure draft.

Further, we support the proposed revision of the definition of 'workers who are not employed'⁵ and GRI's intention that the exposure drafts apply to both employees of the company and workers who are not employees but are controlled by the organization.⁶ The explanatory memorandum also clarifies that Set 3 of the labour standards will apply to workers of business relationships, including employees within the supply chain. This standard will specifically focus on labour rights and working conditions for workers in business relationships, using a due diligence approach in alignment with the UN Guiding Principles. Companies' operations impact their employees, contract workers, and workers in supply chains, among others. Therefore, we find these clarifications beneficial.

In our view, important additions have been made in the GRI exposure drafts; however, we find some of the proposed disclosure requirements to be overly granular and potentially hard to interpret without also knowing the broader context. For example, the GRI employment exposure draft includes a new requirement for companies to disclose the number of appeals submitted on performance reviews.⁷ Likewise, the GRI employment exposure draft requires companies to make detailed disclosures regarding apprenticeships and internships, including remuneration, duration of paid leave, and entitlements to paid annual, sick, and family-related leaves such as maternity leave.⁸ While some of this information can be valuable in specific cases, it is unlikely that such detailed disclosures are needed for all types of apprenticeships and internships. Similarly, the GRI remuneration and working time exposure draft includes a requirement for management to disclose how it communicates with workers to ensure they understand their remuneration and working hours.⁹ We believe it is sufficient for companies to disclose the policies governing remuneration and working time, and provide additional information as applicable to their context. In light of these concerns, we encourage the

² GRI: Employment EMPL 7.

³ GRI: Employment EMPL 7.

⁴ GRI: Remuneration and Working Time Exposure REWO 5.

⁵ GRI: Remuneration and Working Time Exposure, Glossary, Pg 37.

⁶ GRI: Explanatory Memorandum to the Exposure Draft Standards for Labor, Pg 6.

⁷ GRI: Employment EMPL 4 and EMPL 9.

⁸ GRI: Employment EMPL 2.

⁹ GRI: Remuneration and Working Time REWO 3.

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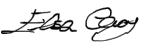
GSSB to review and streamline the exposure drafts to facilitate meaningful and informative disclosures.

Finally, we note that we have long encouraged our portfolio companies to use GRI Standards – due to their widespread adoption - for reporting on their significant impacts on people and the planet. We continue to believe that the GRI Standards provide a useful complement to the International Sustainability Standards Board (ISSB) standards, which are focused on financial materiality. Common baselines and interoperability of reporting standards are nevertheless key concerns for us as a global investor. We welcome the continued collaboration between GRI and the ISSB to enhance the interoperability of their respective standards.

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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