

PRI Association
25 Camperdown Street
London, E1 8DZ

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The PRI 2020 Signatory Survey

Norges Bank Investment Management (NBIM) welcomes the opportunity to contribute its perspective on the PRI's strategic plan for the period 2021-24. This letter complements our responses to the *PRI 2020 signatory survey* in this regard.

NBIM is the investment management division of the Norwegian Central Bank ("Norges Bank") and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with assets valued at NOK 10,088 billion (USD 1.149 trillion) as of December 31, 2019. We are a long-term investor, working to safeguard and build financial wealth for future generations.

As a founding signatory of the PRI, NBIM supports the Six Principles for Responsible Investment. We welcome the PRI's ambition to develop responsible investment management further, sharing best practices and fostering investor collaboration and research in this area. We believe that the PRI should focus on supporting signatories in incorporating environmental, social and governance issues into their processes and decision-making, and accounting for priorities and outcomes as part of fulfilling their investment objectives.

The PRI presents its proposed strategy for 2021-24 in a high-level document with bullet-point overviews of topics, priorities and input from signatories. The proposed strategy is an important decision point for the PRI and its signatories, setting the priorities and roadmap for the next three years. We find the format chosen by the PRI lacking in relevant context and therefore at times challenging to comment on. By way of example, your reference on page 6 to requests received in earlier signatory surveys appears anecdotal and does not indicate whether the statements represent the input from only one, a few or a majority of signatories. Many of the proposals presented on pages 11 to 14 would in our view also benefit from more context and discussion.

We note that the strategy document introduces a new purpose statement for the PRI: "Global investors leading for a sustainable future". This statement represents a change of direction for the PRI. The new strategy furthermore emphasises alignment with real-world outcomes in investment-related decisions. While the term alignment may be subject to interpretation, we believe attributing the impact of companies to investor actions across strategies, asset classes and investor types is challenging. Establishing such a



relationship is even more difficult for many minority investors who have only a marginal influence on their investee companies.

We appreciate the ambition of the PRI to further develop responsible investment, and as a long-term, global investor we have an inherent interest in sustainable economic, environmental and social development. However, introducing a new purpose statement for the PRI with a strategic direction beyond the PRI's mission should, as per the articles of association, be thoroughly discussed and anchored with the PRI's signatories. We would like to reiterate that alignment with real-world outcomes in our view already represents a substantial strategic development. The PRI's articles of association include the right for signatories to vote on any amendment to the Six Principles. We believe that substantial strategic developments which may represent a *de facto* amendment of the PRI's articles of association or a new principle should be treated as such, and therefore be subject to a signatory vote.

We support initiative 11 in the strategy, with the ambition to contribute to academic research and more collaborations between academics and investors. Exchanging knowledge with academics can benefit investors, and research could also help inform the PRI's strategy and policies. We are, for example, interested in understanding how issues related to sustainability may impact the economy and the companies we invest in, and thus long-term risk and return. At NBIM, we recently also announced financial support for three new research projects that will examine how ownership structures affect companies' governance and performance. Such academic studies promise to shed more light on the effects of investors on companies.

We support initiative 20 on building investors' understanding of human rights. As we outlined in our consultation response on the PRI's Human Rights Framework, we welcome the PRI's focus on the implementation of the UN Guiding Principles on Business and Human Rights (UNGPs). We believe increased understanding of how investors can apply the UNGPs and the OECD Guidelines for Multinational Enterprises in their investment practices is useful, and we see a role for the PRI and its framework in providing valuable guidance to institutional investors. We would also like to highlight initiative 16 on developing more standardised sustainability reporting. As a global investor, we would like to see more relevant, comparable and integrated disclosures from companies that allow investors to assess companies' exposures to, management of and performance on sustainability risks and opportunities.

Finally, we would like to understand better what the new strategy would mean for the PRI as an organisation. Although an expanded strategy and more initiatives are likely to indicate greater resource needs and costs, we found little information on the organisational implications beyond a few bullets on page 15.

We appreciate your willingness to consider our perspective.

Yours faithfully,

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Chief Governance & Compliance Officer

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Head of Sustainability

