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INVESTMENT MANAGEMENT

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Consultation on Financial Services and Forests: Metal & Mining questionnaires

We refer to CDP's July 2018 invitation to provide feedback on two new sector questionnaires: i) Financial Services; and ii) Forests: Metals & Mining / Coal. Norges Bank Investment Management is the investment management division of the Norwegian Central Bank and is responsible for investing the assets of the Norwegian Government Pension Fund Global ("the fund"). The fund is a long-term, global investor with minority equity holdings in publicly listed companies and investments in listed fixed income instruments and unlisted real estate. We benefit from corporate transparency on relevant non-financial matters, and improving the availability of material, non-financial information remains a priority for us. As part of the responsible investment activities of the fund, we have considered climate change, water, and deforestation topics for a number of years.

Norges Bank Investment Management has responded to earlier CDP consultations on the water questionnaire, climate change questionnaire, and the Reimagining Disclosure Initiative. We value CDP's efforts to promote effective climate, water, and forestry related disclosures and provide a depository for companies' sustainability information. Sustainability topics can be material both for both financial services and the metals and mining sectors, and we welcome efforts to increase transparency on relevant risks and opportunities.

Financial Services

Reporting on climate change, water and forests

We welcome CDP's efforts to encourage financial institutions to disclose climate change, water and forest issues that go beyond their own operations and consider the wider implications of their business models. It is useful to structure the questionnaire in line with the Task Force on Climate-related Financial Disclosures (TCFD), particularly given the relevance to the financial sector.

We believe materiality should be the starting point for sustainability-related disclosures. Financial services firms are exposed to a wide range of sustainability issues to differing

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degrees. It is therefore important that the questionnaire allows companies enough flexibility in determining what is material to their business. We encourage CDP to consolidate questions covering similar topics to avoid repetition and eliminate questions deemed less relevant by the sector. For example, the draft questionnaire repeats many of the questions for climate change, forests and water management, which might be burdensome for the responder.

The wide scope of financial services

Financial services encompass a wide range of actors with different business models, and consequently may approach sustainability in different ways. The current scope of the questionnaire includes banks, insurance companies, asset owners, and asset managers. The diverse operations of these institutions make it challenging to take a singular approach. Questions around both exposure, and relevant actions to address this, are particularly hard to generalise. CDP could therefore consider focussing on a sub-set of the financial services sector – or develop specific questionnaires suitable to the different types of financial sector players.

We believe CDP should consider if the current approach towards asset owners is appropriate, as much of the information requested is already provided through different channels. For example, many asset owners already disclose their responsible investment practices to PRI in line with the TCFD requirements, and CDP should be careful not to replicate questionnaires. Furthermore, these questionnaires have traditionally been sent out to companies on behalf of investors. As asset owners do not have investors, it is unclear who would be asking for and using the reported information.

Forests: Metals & Mining / Coal

We welcome CDP's efforts to encourage metals and mining companies to disclose material data on biodiversity issues and share insights on how their activities or operations depend on, and can affect, biodiversity. As investors, we wish to improve our understanding of the biodiversity-related challenges and risks faced by companies and the processes they have in place to address these.

We think it is appropriate to have a sector-specific questionnaire on biodiversity but have noted that CDP currently places this within the Forests programme. Given that the scope and focus of this questionnaire is broader than the other CDP Forest questionnaires, it might be more appropriate to label this as Biodiversity.

Biodiversity-related disclosure is an emerging topic. CDP should therefore be careful on the level of detail in the questionnaire. We envisage biodiversity-related metrics, assessment methodologies and reporting to develop over time, so we think a tiered approach would be appropriate to reduce the reporting complexities. This may also be a more appropriate way to contribute to the development of business practices. As a starting point, we therefore believe the questionnaire should be succinct, allowing highly exposed companies to quickly disclose where their activity is, what the main risks are, and how they manage these.



To conclude, we welcome CDP's efforts to seek increased sustainability disclosure from companies in the financial services and metals and mining sectors. It is in investors' interest to obtain material sustainability data which is sector-specific, quantitative, consistent and in a format readily available for investor analysis. When developing new questionnaires, we encourage CDP to take companies' perspective into account to ensure questions are relevant and to avoid repetitions that may create unnecessary burden for respondents. Given the wide number of existing disclosure standards, the CDP framework needs to be recognised as purposeful by participating companies for it to elicit broad response and coverage.

Yours sincerely

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