



NORGES BANK
INVESTMENT MANAGEMENT

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Consultation on proposed changes to 2016 CDP's climate change questionnaire

We welcome the leading role that CDP has assumed to provide structured and standardized environmental related datasets needed to enable integration into the investment process.

We refer to CDP's consultation document setting out the proposed changes to CDP's climate change questionnaire in 2016. We welcome the opportunity to contribute to CDP's open consultation at this stage of the process. We support the proposed changes, which aim at improving data quality and consistency as well as increasing the relevance of the data to investors.

Norges Bank Investment Management is the investment management division of the Norwegian central bank ('Norges Bank') and is responsible for investing the assets of the Norwegian Government Pension Fund Global (the 'fund'). The fund is a long-term, globally diversified investor with minority equity positions in publicly listed companies and investments in listed fixed income instruments and real estate. The fund is invested in assets of about NOK 6,900 billion, or approximately USD 880 billion.

In accordance with the fund's management mandate, we work to safeguard the financial interests of the fund, including by integrating relevant environmental and social risk considerations into our investment processes. In this work, we have identified analytical challenges, including limited data coverage and lack of reporting consistency. NBIM has therefore initiated several initiatives with experts and academics to develop non-financial data sets. In 2014 we initiated a project with Columbia University to research and develop non-financial datasets and possible links to financial performance of companies, and will pursue similar initiatives in 2016.

Norges Bank Investment Management is a division of Norges Bank – The Central Bank of Norway

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The challenges of climate change, both the physical impacts and the regulatory and technological responses, may give rise to risks and opportunities for companies. How companies manage these, may drive long-term returns for us as a shareholder. We expect companies in our portfolio to integrate relevant climate change challenges and opportunities in their business management, such as investment planning, risk management, and reporting¹. To gain a better understanding of the fund's potential exposure to financial risk from climate change, we analyse greenhouse gas emissions from the companies in our equity portfolio. In this work, we have also used data gathered through CDP's climate change questionnaire. We support the development and disclosure of consistent and objective data on current and potential future greenhouse gas emissions, reported according to well-defined and transparent methodologies.

In general, we support a recurring process to review the questionnaire in order to simplify and reduce the reporting burden for companies. This approach can contribute to secure increased data coverage and sustain high response rates. Incorporating feedback from investors, companies and industry experts we expect will continue to improve the relevance of data reported.

We welcome the development and disclosure of consistent and objective data on current and potential future greenhouse gas emissions, reported according to well-defined and transparent methodologies. Transparency of main assumptions, sources of models to estimate potential emissions, calculation adjustments, and level of confidence attached to such estimate are needed for investors to properly integrate such considerations in the investment process.

NBIM believes that introducing measurement and reporting of sector specific climate change challenges will facilitate a deeper and richer understanding of the operational challenges and risks for groups of companies. The addition of sectoral questionnaires will help cater for sector specificities.

Finally, reporting energy transition initiatives by inclusion of low carbon products and reporting on renewable energy consumption targets will provide useful information to investors. In this context, we want to stress the importance of energy efficiency in the transition to a lower carbon economy and would recommend adding metrics to give companies' the ability to report on energy efficiency achievements.

Yours sincerely

Petter Johnsen

Chief Investment Officer, Equities

William Ambrose

Global Head of Ownership Strategies

¹ NBIM expectations document: climate change strategy, <http://www.nbim.no/en/responsibility/responsible-investments/climate-change/>, NBIM expectations document: climate change strategy

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