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## PRI Reporting Framework Review – Consultation Phase II

We refer to the *Reporting Framework Review Consultation Phase II*, published by the PRI in January 2019, to which we have responded via the online survey. Having also taken note of the document *Active Ownership 2.0*, we would like to use this opportunity to share our perspective on the PRI's direction and reiterate some of the comments we made in previous responses to consultations.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global (the fund). NBIM is a globally diversified investment manager with NOK 10,088 billion at year end 2019. We are a long-term investor, working to safeguard and build financial wealth for future generations.

NBIM is a founding signatory to the PRI, and thereby supports the Six Principles for Responsible Investment. In line with these principles, we report on our responsible investment activities. We report annually to our stakeholders about our work on responsible investment, and this is publicly available<sup>1</sup>. We also report through the PRI Reporting Framework and use the output primarily to benchmark our responsible investment practices and performance against peers.

We welcome the PRI's drive to ensure signatories take their commitment to the Six Principles seriously and its ambition to improve the Reporting Framework, for it to be more challenging and thereby increase signatories' accountability. We would have liked to see more details on the new scoring methodology in the consultation document to understand the content of this initiative. However, with limited information available, it was difficult to provide feedback on this topic in question 5 of the survey.

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<sup>1</sup> Annual reporting on responsible investment available at <https://www.nbim.no/en/publications/>



In the consultation document, the PRI proposes to introduce two components in its Reporting Framework: 'core' and 'plus'. We believe the PRI should keep its current approach, which reflects the Six Principles for Responsible Investment, rather than introducing such dual structure. In the 'plus' section, PRI suggests introducing 'outcome-based reporting', whereby investors would report on 'real-world outcomes' of investment activities. As previously highlighted in our responses to PRI consultations, we do not support outcome-based reporting under the PRI Reporting Framework.

We believe attributing the impact of companies to investors across strategies, asset classes and investor types is challenging. To attribute ownership of an outcome, an investor would ideally need to be able to demonstrate additionality, i.e. that any positive impact would not have happened without their investment. Establishing such a relationship is challenging, given that a minority investor has only a marginal influence on a company's funding cost and on its strategic direction, and is not involved in operational decisions. Investors' efforts may be several steps removed from real-world outcomes.

Furthermore, including reporting on "real world outcomes" in the PRI Reporting Framework is drifting away from the PRI's founding principles. The PRI's signatories are financial investors committed to incorporate environmental, social and governance issues into their decision-making, while delivering on their investment mandate. Most investors' mandate is to maximise financial returns for their beneficiaries. Responsible investors who do not have in their mandate to achieve specific social or environmental goals, or to contribute to policy goals, should not be expected to report on such potential impact under the PRI Reporting Framework.

We appreciate your willingness to consider our perspective, and we remain at your disposal should you wish to discuss these matters further.

Yours faithfully,

Carine Smith Ihenacho  
Chief Corporate Governance Officer

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Head of Sustainability