

China Securities Regulatory Commission  
Focus Place, 19 Jin Rong Street, West District,  
Beijing 100033

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## CSRC Revisions to the standards for publicly listed companies' disclosures in annual and semi-annual reports

We refer to the China Securities Regulatory Commission (CSRC)'s consultation on *draft revisions to the standards concerning the content and format of disclosures by publicly listed companies, in annual and semi-annual reports*. We welcome the opportunity to contribute our investor perspective.<sup>1</sup>

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 around USD 5bn invested in equities and USD 1.8bn in fixed income in China<sup>2</sup>. As an investor, we welcome the CSRC's efforts to enhance company reporting.

We regard the protection of minority shareholder rights as a necessary requirement to safeguard and promote the fund's long-term financial interests. Therefore, we welcome the steps taken by the CSRC to strengthen shareholder protection. It is our understanding that the CSRC proposes that companies disclose the introduction of dual-class shares and changes in each class over the reporting period. Companies would also be asked to give specific reasons for significant changes in financial statements. Finally, companies would be required to publish specific information on related-party transactions and the involvement of large shareholders. We welcome these proposals. To further protect shareholder rights and provide equal access to information to both international and local investors, we see the benefits for listed companies to publish complete English versions of all reports and disclosures, at the same time as publications in the local language.

In our view, an effective board is the keystone of a well-governed company. Board members should be accountable to shareholders for the outcomes of their decisions. On this basis, we welcome the CSRC's proposals for more detailed disclosures by listed companies on how the board and its committees perform their duties, including background of members, number of meetings, meeting dates/agendas, and any major proposals and decisions.

<sup>1</sup> Please note that we have not seen an English version of the document, therefore this letter presents our investor perspective at a high level, rather than detailed comments on the draft standards.

<sup>2</sup> As of 31 December 2020



Furthermore, it is important for investors that company boards address and report on material sustainability issues that could affect companies' future performance. The way companies manage sustainability risks and capitalise on opportunities may drive long-term returns for us as an investor. In addition, we believe boards should fulfil their objective of value creation within principles for responsible business conduct. They should understand the broader social and environmental consequences of business operations and value chains, set their own priorities to address these and account for associated outcomes.

Norges Bank Investment Management recently published its view on corporate sustainability reporting, sharing our perspective as global asset manager<sup>3</sup>. We highlight that investors need better information on risk exposure (to determine whether a company is exposed to a specific sustainability issue), on risk management (to understand how companies manage relevant sustainability risks and opportunities) and on performance (through relevant, comparable and reliable key performance indicators, using recognised calculation methodologies).

We welcome the CSRC's efforts to enhance companies' disclosures on environmental and social matters. We believe that companies would benefit from more detailed guidance. Such guidance could refer to recognised international frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The CSRC could also consider introducing a core set of disclosure requirements. This would help improve the quality and comparability of disclosures. For sustainability information to support investment decisions, risk management processes and ownership activities across a diversified portfolio, it must be consistent and comparable across companies and over time.

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 Governance and Compliance Officer

Severine Neervoort  
Senior Analyst, Corporate Governance

<sup>3</sup> Norges Bank Investment Management, Asset Manager Perspectives, *Corporate Sustainability Reporting*, March 2020 <https://www.nbim.no/en/publications/asset-manager-perspectives/2020/corporate-sustainability-reporting/>

