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Eumedion Green Paper 'Towards a global standard-setter for non-financial reporting'

We refer to Eumedion's Green Paper on '*Towards a global standard-setter for non-financial reporting*' and we welcome the opportunity to contribute our perspective.

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, with the objective of ensuring a high long-term return.

We have an inherent interest in how companies manage their use of natural and social resources, as this can have a bearing on their ability to create financial value. Moreover, as a long-term, global investor, we consider our returns over time to be dependent on sustainable development in economic, environmental and social terms, as well as well-functioning, legitimate and efficient markets.

We would like to see relevant, comparable and integrated disclosures from companies. This would allow investors to better assess companies' exposures to sustainability risks and opportunities, how these are managed and relevant performance metrics.

At this stage, although more companies report some sustainability information than in the past, the level of detail and quality continues to vary significantly. We agree with Eumedion that the low degree of standardisation in sustainability reporting hinders investors' ability to systematically consider companies' environmental and social risks and opportunities. With its Green Paper, Eumedion makes an important contribution to the debate on the future of sustainability reporting.

We believe the further consolidation of existing sustainability standards is necessary to achieve a simpler and more coherent basis for corporate sustainability reporting. To achieve consistency and a level playing field for disclosing companies, the best solution may over time be mandatory reporting requirements. Such requirements must be based on globally accepted sustainability metrics responding to the needs of both investors and other stakeholders. We already observe a trend toward stricter reporting requirements on environmental and social matters in some markets.



Having a single standard-setter responsible for consolidating existing standards would be helpful in this regard, providing that this organisation is independent and has robust processes in place for developing standards. Nevertheless, we see the introduction of a single sustainability standard that would address the needs of both investors and other stakeholders and replace all existing standards as a long-term and complex project.

Rather than developing a new set of metrics, we believe it is important to build on and integrate existing sustainability standards, such as those of the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). The standards developed by SASB support companies in reporting financially material sustainability information to investors. SASB's standards present the advantage of being industry specific. The GRI Standards are designed for companies to communicate their most important economic, social and environmental impacts, to an audience broader than just investors. We see many aspects of these two standards as complementary.

Were a new standard-setter to be set up, as Eumedion proposes, its starting point should be to consolidate existing frameworks that focus on financially relevant information. We think it important that accounting standards remain focused on the environmental and social matters that are financially material. The interests of a broader set of stakeholders may be better catered for by other institutions. Once frameworks have been consolidated, such core sets of financially relevant metrics and narratives can be integrated in other standards (i.e. in those such as GRI's that gather a wide range of information, for a broader audience than just investors).

For investors to confidently use sustainability information, it needs to be subject to similar quality control as other information companies provide to financial markets. Sustainability disclosures could be subjected to similar internal governance procedures as financial disclosures, with a final sign-off from the board. The data collection process and documentation should be rigorous enough to allow for third-party assurance or verification. Over time, we believe that assurance of sustainability reporting will become the norm.

Eumedion highlights that companies struggle to provide consistent, comparable and reliable sustainability information. While we acknowledge these challenges, we believe that, for now, diverse reporting standards should not stop companies from reporting. As a starting point, companies can report industry specific SASB metrics and base their broader disclosures on the GRI 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,

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