



NORGES BANK
INVESTMENT MANAGEMENT

Corporate Reporting Dialogue
International Integrated Reporting Council (IIRC)
The Helicon, Third Floor, 1 South Place
London, EC2M 2RB

Date: 30.04.2019

Corporate Reporting Dialogue: Better Alignment Project Consultation

We refer to the *Corporate Reporting Dialogue: Better Alignment Project Consultation*; we appreciate 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. NBIM is a globally diversified investment manager with NOK 8,256 billion.¹ We are working to safeguard and build financial wealth for future generations. 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.

The way companies manage sustainability risks and capitalise on opportunities can drive their long-term returns. It is therefore important for investors that company boards address, account for and report on sustainability issues that might affect companies' future performance. In addition, boards should fulfil their objective of value creation and fair distribution of benefits to shareholders within principles for responsible business conduct, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. They should understand the broader social and environmental consequences of business operations, set their own priorities to address these and account for associated outcomes.

As a starting point, and to be relevant for investors, sustainability disclosures should be driven by financial materiality, focusing on issues specific to a company's sector or business model. However, we recognize that companies have a wide set of stakeholders which have a legitimate interest in receiving information on the activities and impacts of the company, and its products and services. Financial materiality is therefore not a limit, but one starting point for companies to assess what information they need to disclose. NBIM expects companies to disclose the assumptions made when determining which issues are material for the

¹ As at end December 2018



business. In addition, we believe that qualitative information needs to be supplemented with quantitative metrics illustrating companies' commitment and performance over time.

Currently, the sustainability reporting landscape is fragmented, with approximately 400 mandatory or voluntary reporting regulations, guidelines and standards in existence.² We are concerned with the increasing reporting burden on companies, and we welcome the Corporate Reporting Dialogue and its participants' efforts towards better alignment of major sustainability reporting frameworks. We also welcome the participants' intention to map their frameworks against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which provides a logical structure for climate reporting that could be applied to many sustainability challenges.

We believe further alignment, and even integration, of sustainability frameworks will help reduce the reporting burden for issuers and enable investors to better compare information provided by companies 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 Corporate Governance Officer

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Senior Analyst

² Carrots & Sticks: Global trends in sustainability reporting regulation and policy (2016), see www.carrotsandsticks.net