



Korea Institute of Corporate Governance and Sustainability
Market Square of Korea Exchange Seoul Office
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Seoul, South Korea 07329

Date: 24.06.26

Re: Public Consultation on the Draft Amendment to the Korea Stewardship Code (Principles on the Stewardship Responsibilities of Institutional Investors)

We refer to the invitation from the Korea Institute of Corporate Governance and Sustainability (KCGS) to comment on the draft amendment to the Korea Stewardship Code. We appreciate the opportunity to provide feedback as KCGS considers how to strengthen the stewardship framework for institutional investors in Korea.

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 USD 2.11 trillion (KRW 3,047.16 trillion) at 31 December 2025 invested across 68 countries, of which approximately USD 27.6 billion (KRW 39.9 trillion) was invested in the shares of 410 South Korean listed companies.

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 on well-functioning, legitimate and efficient markets. As a sovereign wealth fund, NBIM does not sign up to stewardship codes. We nonetheless recognise their important role in setting expectations for institutional investors, and we share our views in that spirit.

The proposed amendment comes amid a coordinated effort to strengthen stewardship in Korea. The amended Commercial Act extends directors' duty of loyalty to shareholders. This is complemented by the Financial Supervisory Service (FSS) 2026 Supervision and Examination Plan for the asset management industry, which puts fiduciary duty, the exercise of voting rights and investment disclosure at its centre.¹ Under this plan, the FSS will examine asset managers' exercise of voting rights, processes to enforce shareholder rights and support KCGS to strengthen the Code. We welcome the alignment between the supervisory agenda and the Code, and we support the proposed revisions.

Several of the changes reflect positions we hold and have set out to other regulators and standard setters: the integration of material sustainability factors into stewardship; the link between engagement and investment decisions; a clearer approach to escalation; explicit room for collaborative engagement; clear expectations on the exercise and disclosure of voting; and clearer expectations of asset managers and service providers.

We set out detailed comments in the annex. We ask KCGS and the Stewardship Code Council (the Council) to consider three enhancements in particular: to require signatories to publish their stewardship reports rather than only file them with KCGS; to clarify the responsibilities and nomination

¹ Financial Supervisory service 2026 Supervision. Examination Plan for Capital Markets / Asset Management (25 March 2026)

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processes of the Council and ensure both international and domestic investor representation; and to coordinate the Council's assessment of signatories with the FSS compliance review so that the two reinforce one another rather than overlap. We remain at your disposal should you wish to discuss any of these points.

Yours sincerely

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Annex: NBIM comments on the draft amendment

Our comments are grouped by theme. Under each, we note the provisions we support and then set out our recommendations.

1. Stewardship expectations and the scope of stewardship

We support the following proposed amendments and additions:

- **Stewardship defined as a fiduciary responsibility to clients and beneficiaries (Objectives para 1).** We welcome that the Code defines stewardship throughout the responsibility investors owe their clients and beneficiaries. This is the natural counterpart to the board's duty to the company and its shareholders that the Commercial Act reinforces (Article 382-3).²
- **Alignment with the Commercial Act (Objectives para 3).** We support framing the monitoring of investee companies around whether their boards are acting in the interests of the company and its shareholders, which follows directly from the Commercial Act reform.
- **Integration of sustainability factors, including ESG (Objectives para 5, Principle 1 Guideline 1-1, Principle 3 Guideline 3-2).** Including sustainability factors into the definition of stewardship responsibilities and the scope of monitoring is sound. We integrate governance and sustainability considerations into our own investment processes across all asset classes, as we consider this improves returns and reduces risk; these considerations also inform our company engagements and voting decisions.³
- **Link between engagement and investment decisions (Objectives para 5, Principle 3 Guideline 3-5).** Recognising that signatories may feed the outcomes of monitoring, engagement and shareholder actions into how they allocate and manage assets is sound. This connects stewardship to capital allocation, which matches our own approach to ownership.
- **A clearer approach to escalation (Principle 4 Guideline 4-3).** Requiring signatories to set out and disclose internal guidelines for escalation is an improvement. Confirming that divestment is available where it is in the best interests of clients and beneficiaries widens the range of levers open to investors. Signatories should remain free to judge whether and when to escalate in a given case, and to keep ongoing engagements confidential.
- **Express room for collaborative engagement (Principle 4 Guideline 4-5).** Collaboration among investors is a legitimate and often more effective form of engagement, particularly for minority shareholders whose concerns carry more weight raised together than alone. Stating explicitly that signatories may engage jointly, within the bounds of the relevant laws, removes a source of hesitation and supports more constructive dialogue.
- **Retention of core voting expectations (Principle 5 Guidelines 5-1 and 5-2).** We support the decision to keep these expectations unchanged: that signatories vote the shares they hold, do not default to supporting management, and disclose their voting records with the reasons for each vote. This is the most direct expression of stewardship, and it remains pertinent given a gap

² Ministry of Justice, "이사들, 주주보호를 위해 어떻게 할 것인가" (Directors: How to Protect Shareholders)

³ Norges Bank Investment Management, Responsible Investment 2025



the FSS has documented. Its review of public- and private-offering funds' voting records for April 2024 to March 2025 found an exercise rate of 91.6% and an opposition dissent rate of 6.8%, up from 79.6% and 5.2%, but still well below the National Pension Service (99.6% and 20.8%) and the Government Employees Pension Service (97.8% and 8.9%).⁴ We make our own voting decisions public and explain every vote against the board.

- **Securities lending and recall in the voting policy (Principle 5 Guideline 5-10).** The Code already requires signatories to reflect securities lending and recall in their voting policy. Making it explicit that they may restrict lending or recall lent shares in order to vote directly is a useful clarification, and helps ensure that lending does not undermine the exercise of votes at general meetings.
- **Capabilities and resourcing for stewardship (Principle 7 Guideline 7-1).** Calibrating the existing expectation — that signatories maintain the expertise, organisation and personnel for effective stewardship — to the scale of assets managed and the investment policy is a sensible refinement. It matches the FSS's call on asset managers to build dedicated stewardship organisations and decision-making bodies,⁵ and the FSS is now reviewing whether managers have put the necessary organisational and staffing structures in place.⁶

We recommend the following enhancement:

- **Give investors the certainty to collaborate.** Permission in the Code is necessary but not sufficient. We welcome the recognition in Objectives paragraph 9 that legal uncertainty can constrain stewardship and that investors and the authorities should work together to categorise shareholder activities and clarify which laws apply to each. In practice, investors hold back from acting together where doing so might be read as forming a voting block or seeking influence over a company, given the reporting and other consequences that can follow.

We recommend that KCGS act on paragraph 9 by working with the Financial Services Commission to issue practical guidance on which collaborative engagement activities are open to investors and would not be treated as acting in concert. Japan's Financial Services Agency took a comparable step, clarifying how its large-shareholding reporting rules and the concept of acting in concert apply to collective engagement, which helped to encourage constructive dialogue between investors and companies.⁷

2. Scope of application: asset classes and service providers

We support the following proposed amendments and additions:

⁴ 금융감독원 보도자료 2025-06-04 ['24년 자산운용사 의결권 행사 현황 점검 결과](#)

⁵ 금융감독원 보도자료 2025-02-24 [금융감독원, 의결권 행사 충실화를 위한 자산운용사 CEO 간담회 개최](#)

⁶ 금융감독원 보도자료 2026-04-14 [자본시장의 투명성 제고를 위해 25년 자산운용사 의결권 행사 내역을 점검하겠습니다](#)

⁷ Financial Services Agency (August 2025) Laws, Regulations, and Q&As Regarding the “Act of Material Proposal” and “Joint Holders” Under the Large Shareholding Reporting Rule - To promote constructive dialogue between institutional investors and investee companies.

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- **Voluntary extension beyond listed equities (Application para 1).** Leaving extension to other asset classes voluntary and to each signatory's discretion is the right approach since stewardship can be exercised differently across asset classes.
- **Coverage and oversight of asset managers and service providers (Application para 2, Principle 1 Guideline 1-6, Principle 7 Guideline 7-4).** Extending the Principles to a wider set of actors — proxy advisers, investment advisers, ESG rating and data providers and engagement service providers — is a welcome broadening of the framework. Expecting signatories that delegate stewardship to select and manage their asset managers, as well as their service providers, on independence and expertise and to guard against conflicts of interest is a meaningful strengthening.
- **Proxy adviser disclosure focused on the review process (Principle 5 Guideline 5-8).** Shifting disclosure from the degree of reliance on a provider's recommendations to how those recommendations are reviewed is a practical improvement. It discourages mechanical voting and presses signatories to show they engage with the reasoning behind a recommendation rather than adopt it by default.

We recommend the following enhancement:

- **Set proportionate expectations for service providers.** Several of the Principles are written for institutional investors and do not apply to service providers. Where the Code sets expectations for proxy advisers, ESG rating and data providers and engagement service providers, these should be fit-for-purpose rather than a wholesale application of the investor Principles.

3. Disclosure and reporting

We support the following proposed addition:

- **Mandatory annual filing of the activities report (Principle 6 Guideline 6-4).** Requiring every signatory to submit its stewardship activities report to KCGS each year is a welcome step. It creates a consistent, central record of how signatories discharge their responsibilities.

We recommend the following enhancements:

- **Require signatories to publish their reports, not only file them.** The new requirement to file the activities report with KCGS each year is the right foundation, but the Code still leaves publication of that report optional (Principle 6 Guideline 6-3) and separately requires website disclosure of how signatories implement the Principles (Application para 6). We recommend that publication of the activities report become the norm. Publication enhances market transparency and enables clients and beneficiaries to hold signatories to account. In addition, the FSS already requires fund managers to disclose their material voting records to the exchange under Article 87 of the Capital Markets Act.⁸
- **Steer reporting towards outcomes and decisions, not activity counts.** Because the filing requirement will set reporting habits from the outset, we recommend KCGS guide signatories to

⁸ 금융감독원 보도자료 2026-04-14 [자본시장의 투명성 제고를 위해 25년 자산운용사 의결권 행사 내역을 점검하겠습니다](#)

report progress against their engagement aims, developments at investee companies without claiming sole credit, and how engagement fed into their voting, escalation and investment decisions. This mirrors the FSS's own push for substantive, case-by-case reasons over boilerplate: in its most recent reviews the share of perfunctory voting-rationale entries fell from 96.7% to 26.4%.⁹

4. Comply or explain

We recommend the following enhancement:

- **Keep comply-or-explain a genuine option, and focus guidance on the quality of explanations (Application para 4).** We support the comply-or-explain approach, under which a signatory may explain where a principle is not suitable for it, taking account of its business model and investment policy. We understand the aim of limiting "explain" to cases of genuine unsuitability, but a well-reasoned explanation should not be discouraged: for a global investor applying one approach across many markets, it can be more informative than nominal compliance. We encourage the Council to guide signatories on what good explanations look like.

5. Governance and monitoring of the Code

We welcome implementation monitoring in principle and the creation of the Stewardship Code Council (Application para 5). We recommend the following enhancements:

- **Publish criteria, take a constructive approach, and coordinate with the FSS.** The Council's assessment of individual signatories is a significant change. The December 2025 measures set out twelve review items and a phased rollout, beginning in 2026 with asset managers and public pension funds and extending to all participants by 2029. However, the scoring criteria, method and consequences of the assessment are not yet clear.¹⁰ This assessment will run alongside the FSS's own review of asset managers' voting-rights exercise and shareholder-rights processes, with findings due in mid-2026.¹¹ We recommend the Council publish the criteria on which signatories will be assessed, adopt a constructive, feedback-led approach, and coordinate with the FSS so that signatories face one coherent set of expectations rather than two overlapping assessments.
- **Clarify the roles of KCGS and the Council.** KCGS administers the Code, receives the filings, supports the Council, provides ratings, research and advisory services, and as a service provider, has itself explained that Principles 3 to 5 do not apply to it.¹² We welcome the December 2025 commitment to separate the KCGS function that supports the Council from its proxy advisory and other commercial services through information and personnel barriers. We

⁹ *ibid*

¹⁰ Korea Institute of Corporate Governance and Sustainability Press Release 2025-12-29 Promoting Measures to Strengthen the Effectiveness of the Stewardship Code

¹¹ 금융감독원보도자료 2026-04-14 [자본시장의 투명성 제고를 위해 25년 자산운용사 의결권 행사 내역을 점검하겠습니다](#)

¹² Draft of Korea Stewardship Code Amendment Application para 4 (explanatory text)



recommend the Council set out its responsibilities and decision-making and how its members are nominated. We recommend that its membership include both international and domestic investors, reflecting the composition of the signatory base, so that its assessments carry the confidence of the investors subject to them.

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