



NORGES BANK
INVESTMENT MANAGEMENT

International Corporate Governance Network
Attn.: Garvin Payne
by email: Garvin.Payne@icgn.org

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Consultation on the ICGN Global Governance Principles

Norges Bank Investment Management (“NBIM”) appreciates the opportunity to comment on the Global Governance Principles (GGP) issued by the International Corporate Governance Network (ICGN). We welcome the practice of reviewing the GGP at regular intervals. We would like to use this opportunity to express our continued support for the principles and to respond to the questions of greatest relevance to us.

NBIM is the investment management division of the Norwegian Central Bank (“Norges Bank”) and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with assets valued at NOK 10,088 billion (USD 1.149 trillion) as of December 31, 2019, of which NOK 7,153 billion (USD 814 billion) were invested in listed equities globally. We have a vested interest in well-functioning markets in financial instruments, the efficient allocation of capital and risk, and long-term economic growth. Strong corporate governance practices contribute to these objectives.

The ICGN Global Governance Principles are a useful benchmark for the development of corporate governance policies and supplement the G20/OECD Principles of Corporate Governance with a balanced investor perspective. The structure of the GGP is very clear and makes it easy to navigate and digest. We believe the GGP have the right elements and that the succinctness and brevity are strengths and should be maintained. Providing guidance in a separate section is efficient from a user perspective.

The effectiveness of company boards is a priority of NBIM as a long-term and globally diversified investor. We concur with the GGP’s emphasis on the role of the board, clarity of its leadership and a composition marked by relevant knowledge, independence, competence, industry experience and diversity of perspectives.

The board should set executive remuneration in a transparent manner. We support that remuneration should be designed to effectively align the interests of the CEO with those of the company and its shareholders to help ensure long-term performance and sustainable value creation. We have laid out our view in a [position paper on CEO remuneration](#).

Norges Bank Investment Management is a part of Norges Bank – The Central Bank of Norway

POSTAL ADDRESS
P.O. Boks 0179 Sentrum,
NO-0107 Oslo

OFFICE ADDRESS
Bankplassen 2,
Oslo, Norway

Tel. +47 24 07 30 00
Fax +47 24 07 30 01
Web www.nbim.no

Registration of
Business Enterprises
NO 937 884 117 MVA





As a long-term, global investor, we benefit from information on companies' exposure to sustainability risks, how these are managed, and relevant performance metrics. The GGP's preamble reflects on this, stating that 'the company must manage effectively the governance, social and environmental aspects of its activities as well as its financial operations'. In a [position paper](#), we state that the board should ensure that company reporting reflects all material sustainability risks and opportunities. Disclosures should cover all financially relevant sustainability matters and account for any significant environmental and social consequences of company operations. Furthermore, the board should provide shareholders with quantitative sustainability information on a regular basis.

The consultation asks whether distinctions should be made in terms of company size or ownership structure. We support the GGP's statement that 'in controlled companies (where there is a dominant shareholder or block such that they ultimately have the majority power) the governance considerations are primarily concerned with protecting the interests of minority shareholders. Our [position on board independence](#) is that the board should guide company strategy and monitor management performance without conflicts of interest. A majority of shareholder-elected board members should be independent of management, dominant shareholders, and business relationships. In majority-controlled companies, at least a third of board members should be independent.

We support companies reflecting on their contribution to society. Companies choosing to articulate a purpose should take a comprehensive approach and translate it into culture, strategy, targets and actions.

We appreciate to have had the opportunity to comment on this review and welcome any further questions or discussion.

Yours sincerely

Carine Smith Ihenacho
Chief Corporate Governance Officer

Ola Peter K Gjessing
Senior Analyst

