



NORGES BANK  
INVESTMENT MANAGEMENT

International Corporate Governance Network

Via email: [Garvin.Payne@icgn.org](mailto:Garvin.Payne@icgn.org)

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Your ref.: [Reference]  
Our ref.: [Reference]

## Consultation on the ICGN Global Governance Principles

We refer to your invitation on 30 November 2020 to comment on the proposed revisions to the ICGN Global Governance Principles (GGP), and welcome the opportunity to contribute our perspective.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Government Pension Fund Global. We work to safeguard and build financial wealth for future generations and have a vested interest in the well-functioning of asset markets. NBIM is a global investor with USD 1.275 trillion invested globally at the end of 2020.

We see the GGP as a useful benchmark for the development of corporate governance policies and a supplement to the G20/OECD Principles of Corporate Governance with a balanced investor perspective, as stated in our [letter](#) on 15 September 2020. We appreciate that the principles are short and to the point, and that guidance is provided in a separate section.

As a long-term and broadly diversified investor, we rely on effective boards, remuneration that aligns the interests of the CEO with those of shareholders, and timely and accurate corporate reporting, including the reflection of all material sustainability risks and opportunities.<sup>1</sup>

We support the principles as they stand following the proposed revisions. In particular, we support the emphasis of comprehensive reporting and on effective shareholder meetings.

We believe, as a matter of principle, that disclosures should cover all financially relevant sustainability matters and account for any significant environmental and social consequences of company operations. We encourage the GGP to emphasise this principle by simplifying

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<sup>1</sup> We refer to [position papers](#) we have published successively since 2015 for further details on these priorities.

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arguments and combining overlapping paragraphs. Furthermore, we suggest that the key terms are defined so as to avoid confusion.

We welcome the attention given to virtual and hybrid formats for holding shareholder meetings, as prompted by the current Covid-19 crisis. Recent experience provides an opportunity to strengthen mechanisms for shareholder approvals and protection of shareholder rights. Virtual meeting formats and efficient voting chains can increase the information available to shareholder and ensure the equal treatment of all shareholders regardless of their location.

We appreciate that the proposed revision retains the recommendation to consider replacing metric-based incentives by transparent long-term deferred equity. The proposal also encourages executive share ownership, which we believe contributes to the same end. We support boards that choose to include relevant non-financial criteria for annual variable pay. While companies should be encouraged to consider a wide set of annual variable-pay criteria, including non-financial ones, it should be the board's responsibility to set its own remuneration policy. We agree that performance-related pay should integrate risk considerations and note that this should apply to short-term variable pay as well as long-term.

We thank you for considering our perspective and remain available for further discussion.

Yours sincerely,

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