



International Corporate Governance Network  
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## Revision of the ICGN Global Stewardship Principles

We refer to the consultation on the revision of the Global Stewardship Principles by the International Corporate Governance Network. We appreciate the opportunity to provide our feedback to the revision process.

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 (the fund). NBIM is a globally diversified investment manager with 15,765 billion Norwegian kroner invested across around 70 different countries at year end 2023.

We welcome the revision of the ICGN Global Stewardship Principles, which can ensure that the Principles remain up to date and drive stewardship best practice. We particularly welcome the efforts to make the Principles more succinct and cohesive, as well as the additions referring to the importance of reliable data and globally harmonized corporate sustainability reporting and assurance. We also welcome the additional examples of engagement escalation tactics, and the recommendation to consider public policy advocacy. However, we suggest clarifying some of the additions, notably on voting and reporting. We expand on this in the paragraphs below.

Regarding paragraph 1.4 (Resources) we welcome the reference to the importance of investors having reliable data, research, and analysis to inform investment and stewardship decision-making. High quality, consistent data is essential to underpin stewardship activities. We note that research and analysis could either be conducted in-house or sourced externally, depending on investors' approaches and resources. We also suggest clarifying or replacing the word "infrastructure" as it is currently unclear whether it refers to governance or resources, or a combination of both. Regarding paragraph 1.5 (Standards), we welcome the recommendation to disclose whether investors have made any sustainability related commitments, but suggest qualifying this. While this would not always be necessary, where relevant we agree on the importance of the link between an investor's sustainability commitments and their stewardship activities. On reporting (1.6), we caution on the use of the terms "demonstrable" and "verifiable" when describing disclosures on stewardship objectives and outcomes. Demonstrating the additionality of individual investors' stewardship and the link between specific outcomes and investor engagement is a complex endeavor. Furthermore, whilst we underline the importance of accounting for engagement results, we suggest clarifying that case studies are only one of many tools to do so, as they can be detrimental to the confidential nature and effectiveness of company engagements.

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Regarding Principle 3 (Company monitoring and engagement), we are not convinced that investors should publicly disclose who is responsible for leading company engagements and believe that the added value of disclosing the seniority level and/or role of engagement leads is limited. Additionally, we suggest clarifying that investors should disclose to the company, not to the market, which company representatives they expect to meet and why, as the current wording might be confusing. This clarity from investors on the intended targets and goals of company engagements is a key element of high-quality stewardship.

Regarding the removed guidance, we support removing the reference to guidance on voting confirmation (5.5), stating that investors should seek confirmation from companies on whether their voting instructions have been received and formally counted. While such confirmation is an important part of an effective proxy voting process, we believe that it should be provided by companies on a systematic basis, rather than be framed as part of an investor's stewardship duty.

In respect to paragraph 3.7 (Escalation), we support most of the additions to examples of escalation techniques, particularly declaring voting intentions to the market. We note that at NBIM we implemented this tool driven by a desire for further transparency, as opposed to an escalation technique, but see the potential value in using this as an escalation tactic. However, we see amending a valuation model a result of an investor updating their beliefs, potentially based on new information received in the context of engagement. We believe it is unlikely that amending valuations could be a practical tool for escalation, including because such a decision is typically not disclosed to the company. Regarding the new guidance on engagement outcomes (paragraph 3.9), whilst we fully agree that stewardship should be conducted with an objective in mind, we underline the challenges in reporting outcomes, specifically on a portfolio-wide basis. These challenges should not detract from setting clear objectives and disclosing priorities and progress meaningfully. We agree that reporting on outcomes should not breach confidentiality or have a detrimental impact on current engagements, and note that "output-focused metrics", while easier to track, might not be the best measure to gauge effectiveness.

In respect to voting and other ownership rights (paragraph 4.1), we suggest clarifying the recommendation that investors with significant shareholdings explain how their voting aligned with the long-term best interests of the company. We believe that the lack of clarity on this definition might limit the effectiveness of this guidance. Furthermore, while this disclosure could be particularly meaningful where investors are insiders and/or hold shares with enhanced voting rights, we are unconvinced of its added value.

On public policy advocacy (principle 5), while we agree that policy engagement can be considered an aspect of systemic stewardship, i.e., a tool to address market-wide or systemic issues, we see it as an example of best practice rather than an essential component of stewardship. We also believe that the section could be simplified, notably the recommendations on reporting to clients and beneficiaries, who might be interested in key achievements but not necessarily in the different tools that were used. We welcome the qualification that collaborative advocacy should be considered "as appropriate" as it will not necessarily be well suited for every investor, similarly to collaborative company engagement.

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