



NORGES BANK
INVESTMENT MANAGEMENT

European Commission
Technical Expert Group on Sustainable
Finance

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EU Technical Expert Group's report on climate-related disclosures

We refer to the *report on climate-related disclosures*, published by the European Union (EU) Technical Expert Group on Sustainable Finance (TEG) on 10 January 2019, and we welcome 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 EUR 180 billion invested in equities and EUR 81.6 billion in fixed income in the EU.¹ We are a long-term investor, working to safeguard and build financial wealth for future generations.

Climate change issues may give rise to risks and opportunities for companies we invest in. The way companies manage these risks and capitalise on opportunities may drive our long-term returns as an investor. Therefore, we expect companies to plan for relevant climate scenarios, and incorporate potential climate risks in their governance structure, business strategy, risk management and reporting.² We explain this in our document entitled 'climate change strategy, expectations towards companies'.

As we rely on companies' disclosures for our analyses, we welcome the efforts of the European Commission and the TEG towards more accurate, material and comparable reporting. We consider that qualitative information should be accompanied by quantitative metrics (e.g. greenhouse gas emissions, energy consumption, share of carbon assets). The use of outcome-oriented metrics by companies would allow investors to track companies' progress over time. The TEG's report represents a positive step in that direction. Sector specific guidance and key performance indicators that companies can refer to, is useful.

Furthermore, the TEG encourages companies to disclose information in accordance with globally accepted reporting standards and frameworks. We support this approach as it increases comparability across markets and enables investors to analyse their portfolio's greenhouse gas emissions. We support the decision to align the EU guidelines on non-

¹ As at end December 2017

² Norges Bank Investment Management, [Climate change strategy, expectations towards companies](#)



financial reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which provide a logical framework for company reporting.

We provide more detailed comments on the report in our response to the online questionnaire. Among others, we suggest consolidating the proposed disclosure categories to avoid complexity. We also think that it is useful to consider how the value of certain disclosures depends on their wide application; and reflect this in the recommendations. Finally, we highlight some parts where further clarification might be needed, on whether these disclosures are expected by the TEG or seen as optional. For instance, we would point to disclosures on the company's governance and the board's responsibilities, the underlying methodologies and assumptions, the physical climate-related risks, and finally the scenario analysis, as particularly relevant.

We appreciate your willingness to consider our perspective, and we remain at your disposal should you wish to discuss these matters further.

Yours faithfully

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