



NORGES BANK  
INVESTMENT MANAGEMENT

PRI Association  
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## Consultation on PRI's human rights framework for institutional investors

We refer to the consultation on PRI's *Human Rights Framework for Institutional Investors*, to which we have responded via the online survey. In this letter, we take the opportunity to share our perspective on some aspects of the framework, as outlined in the PRI consultation paper published in August 2020.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Norwegian Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. 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 a financial investor and minority shareholder in more than 9,000 companies globally, we support the development of sustainability and corporate governance standards and practices at international and market levels and seek to promote adherence to recognised international principles. The UN Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPs), the G20/OECD Principles of Corporate Governance and the OECD Guidelines for Multinational Enterprises are important foundational principles and points of reference for good practice. We aim to base our practices on such principles and expect the companies we invest in to strive to apply them.

In our Expectations on Human Rights, we explain that we believe that all companies have a responsibility to respect human rights in their own operations, as well as in supply chains and other business relationships. Respecting human rights is an inherent part of good business practice and risk management. Companies should integrate human rights considerations into their policies, corporate strategy, risk management and reporting.<sup>1</sup>

We welcome the PRI's focus on the implementation of the UNGPs by institutional investors. We believe increased understanding of how investors can apply the UNGPs and the OECD

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<sup>1</sup> NBIM, [Expectations on Human Rights](#).





Guidelines in their work is useful and that the PRI's framework can provide valuable guidance and support in this regard.

The consultation paper outlines a framework for institutional investors on how to implement respect for human rights in their investment activities. It notes that 'primarily, companies will be the ones directly causing or contributing to negative outcomes, with investors linked to them through their holdings. (...) Investors, on their own or collectively, should therefore exercise their influence to ensure that the companies prevent and mitigate those negative outcomes and provide access to remedy where the harm has already occurred.' We agree with this and consider it important to reflect the approach of the *OECD Responsible Business Conduct for Institutional Investors* here. On page 13, the figure could therefore clarify that the option 'stay invested and keep engaging' can include engagement through the participation in industry or multi-stakeholder initiatives, for example.<sup>2</sup>

We believe that the paper should also further address the role of investors that are minority shareholders in a high number of companies, and which may have only a marginal influence on a single company. As this is the context facing many PRI members, we encourage the PRI to consider including additional practical discussion around what the proposed framework means for minority shareholders.

The PRI states that the management of negative human rights outcomes should be reflected in the investment decision-making process, including in portfolio construction, security selection and asset allocation etc. We recognise this, while being mindful that such integration must happen appropriate to investment mandates. We further observe challenges related to methodologies and the availability of meaningful and comparable data when it comes to business respect for human rights, and specifically, outcomes for people. We therefore encourage the PRI to further support members and other market participants in developing and providing access to improved data.

The paper mentions that, 'in practice, the investment value chain (...) is often complicated through the use of fund-of-funds, benchmark administrators, engagement providers, stock exchanges or other financial intermediaries.' We consider this an important point as the relationship between an investor, through ownership of shares bought in a secondary market, and an investee company, is different from supply or other value chain relationships, which are typically subject to bilateral contracts. We encourage the PRI to further explore the role of these intermediaries in promoting responsible business conduct and how this relates to institutional investors' processes and potential leverage.

Finally, we note that the proposed framework is a part of the PRI's work to support investors in shaping real-world outcomes in line with the SDGs and the plan to integrate human rights reporting by investors in the 'core' part of PRI reporting. While we believe that companies and investors alike should report on how they respect human rights, we refer to our position, as stated in previous consultations, that the PRI should limit the 'core' part of the reporting framework to what is relevant for the Six Principles for Responsible Investment.

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<sup>2</sup> OECD, *Responsible Business Conduct for Institutional Investors*, page 32.





We appreciate your willingness to consider our perspective.

Yours sincerely

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