



NORGES BANK
INVESTMENT MANAGEMENT

Organisation for Economic Co-operation
and Development - Secretariat
2 rue Andre Pascal
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Targeted Update of the OECD Guidelines for Multinational Enterprises

Norges Bank Investment Management (“NBIM”) welcomes the opportunity to respond to the public consultation on the Targeted update to the OECD Guidelines for Multinational Enterprises (“the Guidelines”).

NBIM is responsible for investing the Norwegian Government Pension Fund Global. We support the OECD Guidelines and the National Contact Point (“NCP”) mechanism. The Guidelines are referenced in our management mandate, they form part of our responsible investment policy, and our expectations of companies on sustainability topics are based on the Guidelines. In our view, the Guidelines and associated Guidance have contributed to levelling the playing field by providing a global standard for responsible business conduct.

Regarding the proposed revisions to the chapter on disclosures, we welcome the reference to the International Sustainability Standards Board (ISSB). As a global investor, we need corporate reporting to be consistent and comparable across markets. Therefore, we welcome the ISSB’s mission to develop a comprehensive global baseline of financially material corporate sustainability disclosures. We suggest that the Guidelines use the same definition of financial materiality as the one used by the IFRS.

The suggested revisions provide further clarity on companies’ responsibilities across complex corporate structures and value chains. We welcome the expansion of the scope of application of the Guidelines from a supply chain perspective to a value chain perspective. In this context, we agree that due diligence should be risk-based, adjusted to the severity and likelihood of adverse impacts. It also needs to reflect more practical considerations. Some value chain impacts may be specifically linked to decisions on an enterprise’s hand, such as the design of a product, others may be far more removed, and primarily contingent on decisions of other actors. This extension of the guidelines therefore needs to take account of the nature of value chain linkages and the degree of leverage that companies have over their business partners. This will ensure that the Guidelines remain feasible for companies to implement.

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We welcome the suggested revisions to the Environment chapter of the Guidelines, notably on climate transition plans. NBIM expects portfolio companies to disclose a net zero transition plan to address climate change risks and opportunities. We ask companies to set science-based short-, medium-, and long-term emission reduction targets for their scope 1, scope 2 and material scope 3 emissions. The use of carbon credits should be publicly disclosed and aligned with industry standards to ensure real and quantifiable mitigation. We also welcome the new requirements on biodiversity in the draft Guidelines. We believe companies that either depend on or significantly impact ecosystems and biodiversity should integrate these considerations into their governance structure, strategy, risk management and reporting.

In the Human Rights chapter, we are pleased to see the requirement that companies make public their policy commitment to respect human rights. This commitment should include their value chains. We also welcome the addition of a new expectation for companies to provide a safe and healthy working environment. These are important issues, which we emphasize on in our dialogue with portfolio companies. We also welcome the revision of the chapter on the fight against bribery and extortion, notably the more comprehensive definition of corruption and the expanded scope to relatives and associates of business partners, and new requirements calling for companies to refrain from exerting undue pressure and reprisals against people who monitor their practices in the General Policies chapter. On Consumer Interests, we welcome the new requirements on preventing unreasonable risk to the health or safety of consumers and the enhanced e-commerce disclosure expectations.

Finally, we support efforts by the OECD to strengthen the functional equivalence of National Contact Points and preserve the legitimacy of the NCP mechanism, notably to prevent the problem of “forum/NCP-shopping”. Regarding specific instances concerning multiple adhering countries, we suggest clarifying the language on the identification of the lead and supporting NCPs. The lead NCPs should, as a main rule, be the NCP of the country where the issue has arisen/taken place (i.e. the home country of the company that has allegedly caused or contributed to an adverse impact). This is important to avoid strategic filings driven by the expertise and effectiveness of the NCP, rather than by the link between the issue at hand and the jurisdiction where the enterprise is located. It is also important that NCPs in practice take a coherent approach to assessments of business relationships and obligations, especially in the initial assessment of specific instances. Recent complex cases, involving various parties with different linkages to potential adverse outcomes, demonstrate the importance to have clear, consistent, and predictable procedural rules when deciding whether the issue merits further examination. The implementation procedure system is not set up with the purpose of targeting multinational enterprises regarded as “best in class” with specific instances, which should be reserved for issues that constitute risks of breaches of the Guidelines. The requirements are supposed to constitute a real threshold, making sure that the Guidelines’ procedure is used appropriately, preventing abuse of process. We believe there remains a risk to the legitimacy of the NCP mechanism as long as this is not adequately addressed across the NCP system.





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

Yours sincerely

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