

PRI Association
25 Camperdown Street
London, E1 8DZ, UK

Att: PRI Board of Directors

Our ref:
20/00155-1

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Consultation on the proposed PRI Strategic Plan 2021-24

We write this letter to provide context to our responses to the survey as part of the ongoing consultation on the PRI Strategic Plan for 2021-2024.

Folketrygdfondet remains concerned that the proposed plan further cements the drift in the PRI's priorities away from supporting and facilitating signatory interactions in favor of enforcing signatory adherence to a *de facto* new principle related to "real-world impact aligned with the SDGs". We further refer to our letter dated April 27, 2020, outlining our reservations with the underlying SDG outcomes methodology.

As Folketrygdfondet has noted earlier, we support the six principles and the PRI's work in serving as a forum for signatories to meet and learn from one another. We recognize and expect that not all PRI activities will be relevant for the Government Pension Fund Norway. The challenge lies in PRI's assumption of a normative role in enforcing a single best practices approach to responsible investment through increasing "signatory accountability."

There are two problems with this approach. First, it challenges member democracy by placing PRI in a normative role unmoored from the six principles. Second, on a more practical level, enforcing a single approach requires too much of the PRI. It is unreasonable to expect sufficient familiarity with each signatory's mandate and investment strategy to determine in every case which practices are "advanced" and which are "narrow." As we have noted before, moving towards a model in which PRI membership serves as a stamp of approval carries inherent risks for the organization's reputation. It is also unnecessary. We have no doubt that private actors – including PRI signatory service providers – would be more than happy to fill the void in ranking signatories were PRI to concede its assessment role.

The PRI appears to have included a new purpose for the organization's work without providing any background documentation or consultations with signatories. The new purpose, "Global investors leading for a sustainable future", represents a further shift towards a *de facto* "real-world impact" principle. We note in this regard that Article 18 of the PRI Articles of Association requires a simple majority vote of the signatories for any amendments to the principles.

Lastly, Folketrygdfondet believes that a new strategic proposal deserves a more thorough and considered presentation of the development process than is included in the document currently launched for consultation. It is unclear from the descriptions of signatory feedback whether the comments printed in thought bubbles represent the views of a majority or a minority of signatories – or whether there is any variation in the feedback among different signatory types.

Our comments here should come as no surprise to the board, and we refer to our letters dated March 2, 2020 and April 27, 2020 for additional details. Nonetheless, we find it disappointing that the proposed Strategic Plan further narrows the scope for diversity in signatories' approaches to responsible investing. We view that as a missed opportunity to promote greater innovation as well as a lack of confidence in signatory judgment.

We welcome the opportunity to elaborate on our views as needed.

Yours sincerely,
Folketrygdfondet

Kjetil Houg
CEO