

# OUR EXPECTATIONS ARE PRIMARILY DIRECTED AT COMPANY BOARDS: NBIM

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**Norges Bank Investment Management (NBIM)** manages the Norwegian Government Pension Fund Global, often referred to as the Norwegian oil fund. It manages assets worth more than 10,000 billion kroner, or about 1.1 trillion dollars. The fund is invested in international equity and fixed-income markets and in real estate. In an interaction with R M Consulting, NBIM outlines its investment philosophy, including its expectations of companies on the climate change issue.

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**Q. What is the mechanism that has been put in place by the Norwegian Government Pension Fund to ensure that portfolio companies are abiding by the laid-down principles on Climate Action?**

Ans. We have focused on climate risks for more than a decade. As a long-term investor, we want to understand the impact of climate change on the pricing of assets, and how we can best address environmental risks in an investment portfolio.

We have published expectation documents that set out how we expect companies to manage various environmental and social matters. Our expectations are based on internationally recognized principles such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the G20/OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises and other topic-specific standards. The expectation document on [climate change](#) serves as a starting point for our interaction with companies on climate change.

Our expectations are primarily directed at company boards. Boards should understand the broader environmental and social consequences of company operations, taking into account the interests of relevant stakeholders.

**Q. Have there been any instances of the Norwegian Government Pension Fund Global pulling out its investment in any portfolio entity/entities because of non-compliance by the said entity/entities on the laid-down Climate action principles?**

Ans. In 2020, we divested from 32 companies following assessment of environmental, social and governance risks. Altogether we have divested from 314 companies since 2012.

We have a Council on Ethics, which is an independent body established by the Ministry of Finance to evaluate whether or not the fund's investment in specified companies is inconsistent with its Ethical Guidelines.

**Q. What are the expectations of the Fund from the upcoming COP26 meeting in Glasgow?**

Ans. We will continue to communicate our expectation document on [climate change](#) to the companies we are invested in, and we want to see substantial improvements in companies' reporting on climate change. But we do not have any specific comments regarding COP26.