

Expectations of companies

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Norges Bank Investment Management

Our investments

A diverse portfolio



Equities

72.4%



Fixed-income

25.1%



Unlisted real estate

2.4%



Unlisted renewable
energy infrastructure

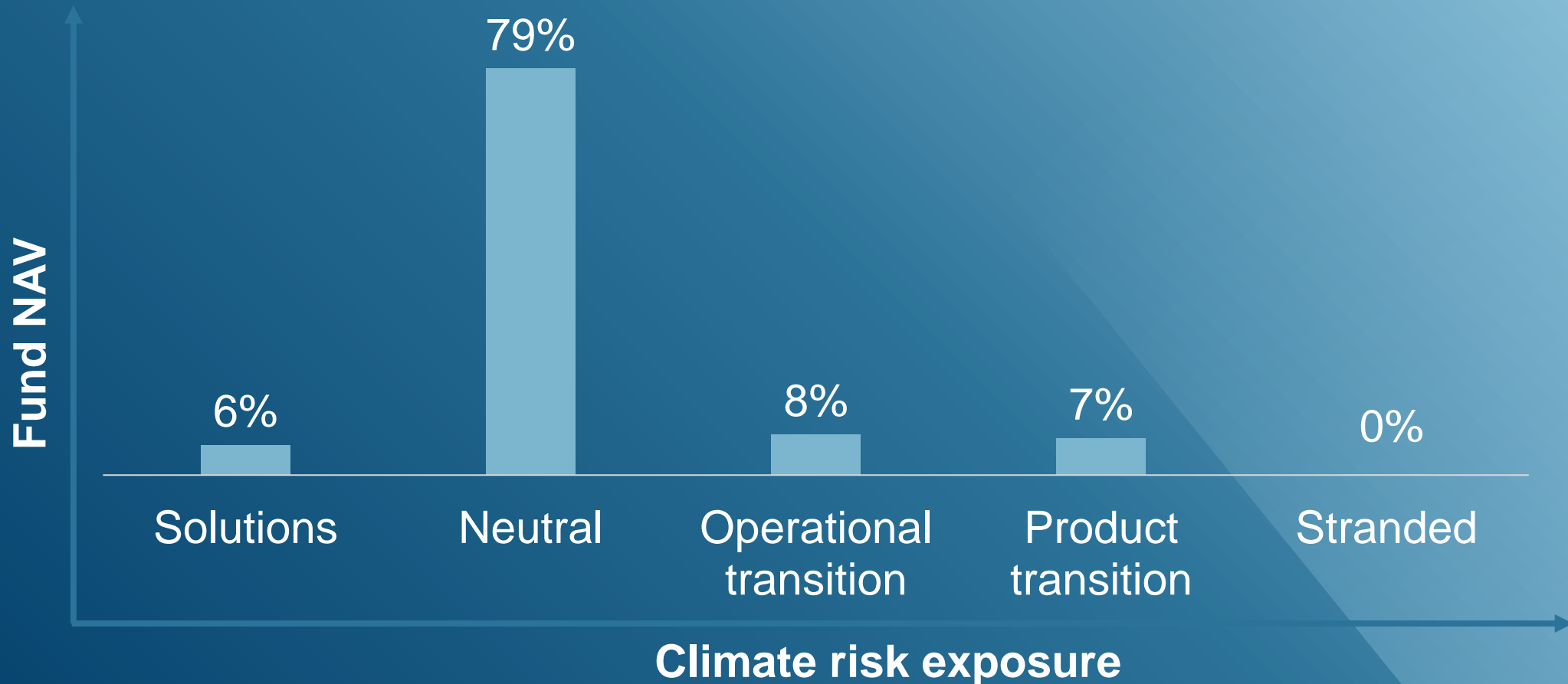
0.1%

9000
Companies

70
Countries

1.3%
Ownership of
all listed companies
in the world

Investing in the climate transition



* Equity portfolio NAV grouped in MSCI's ACWI climate-transition risk categories.

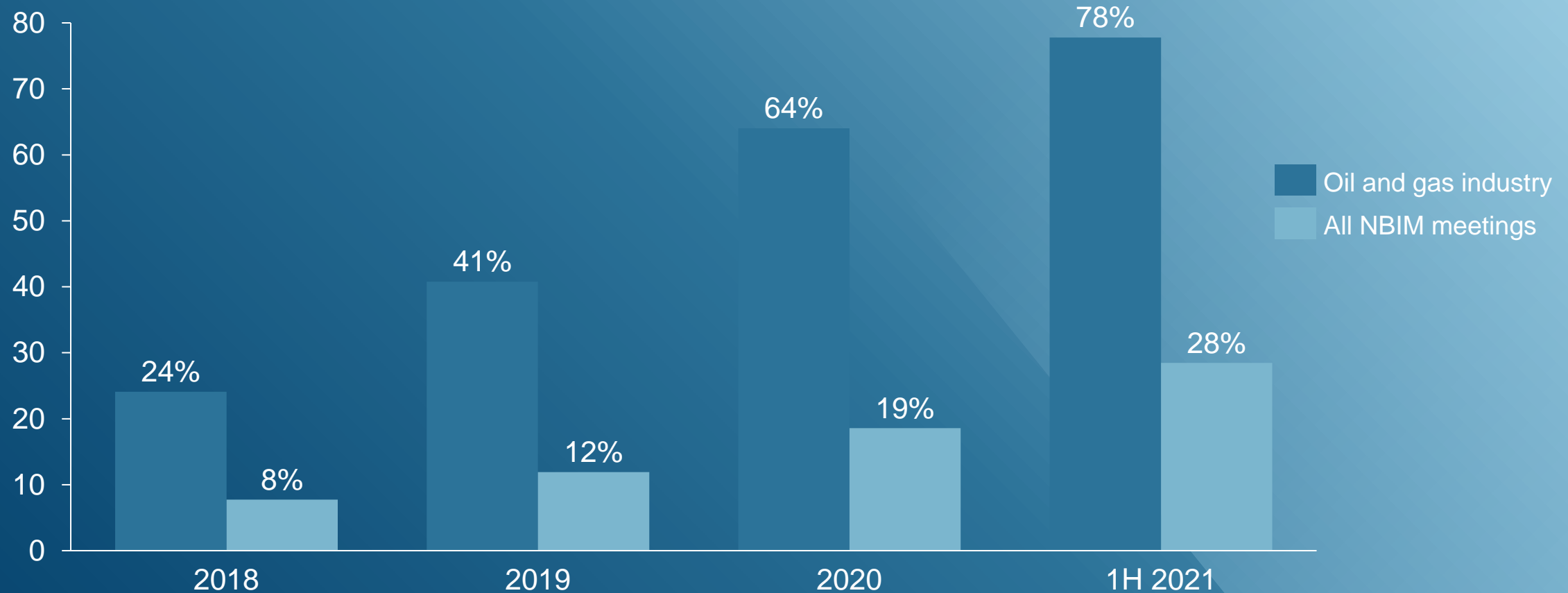
Setting expectations since 2009



- In line with the Paris Agreement
- Directed to boards
- Guidelines for our interaction with companies
- To support companies to manage risks and pursue opportunities

Increasing dialogues on climate

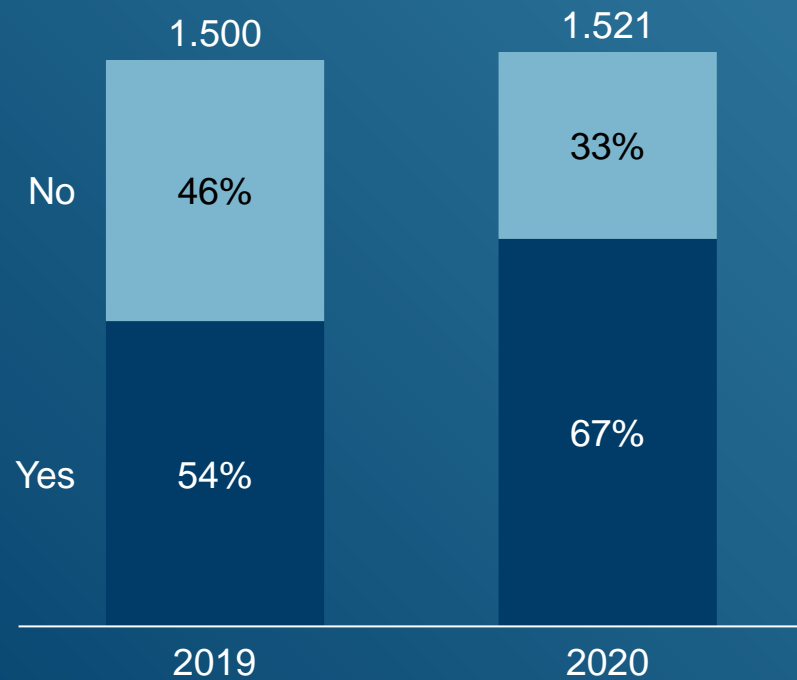
Share of company meetings climate is discussed



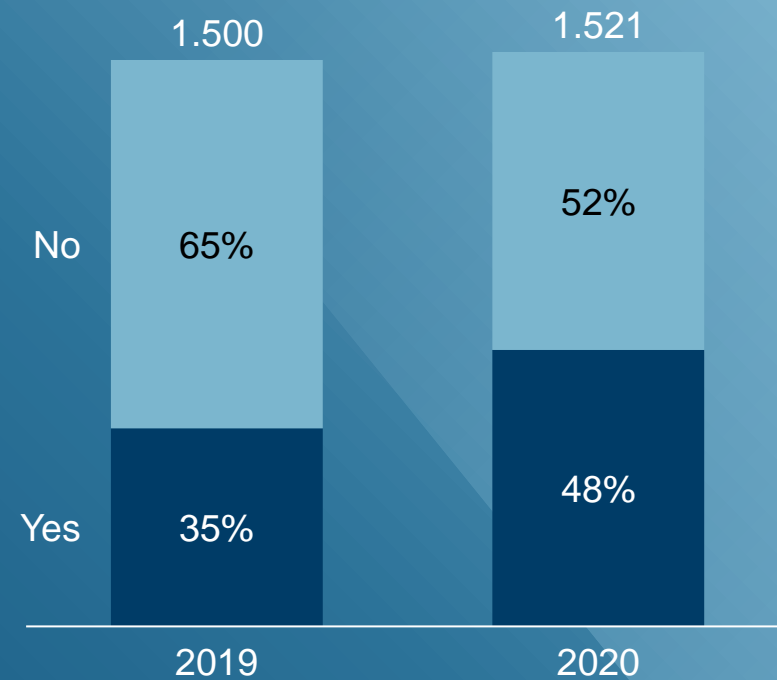
Companies taking action

Assessments of company reporting on climate

Have long-term GHG reduction targets

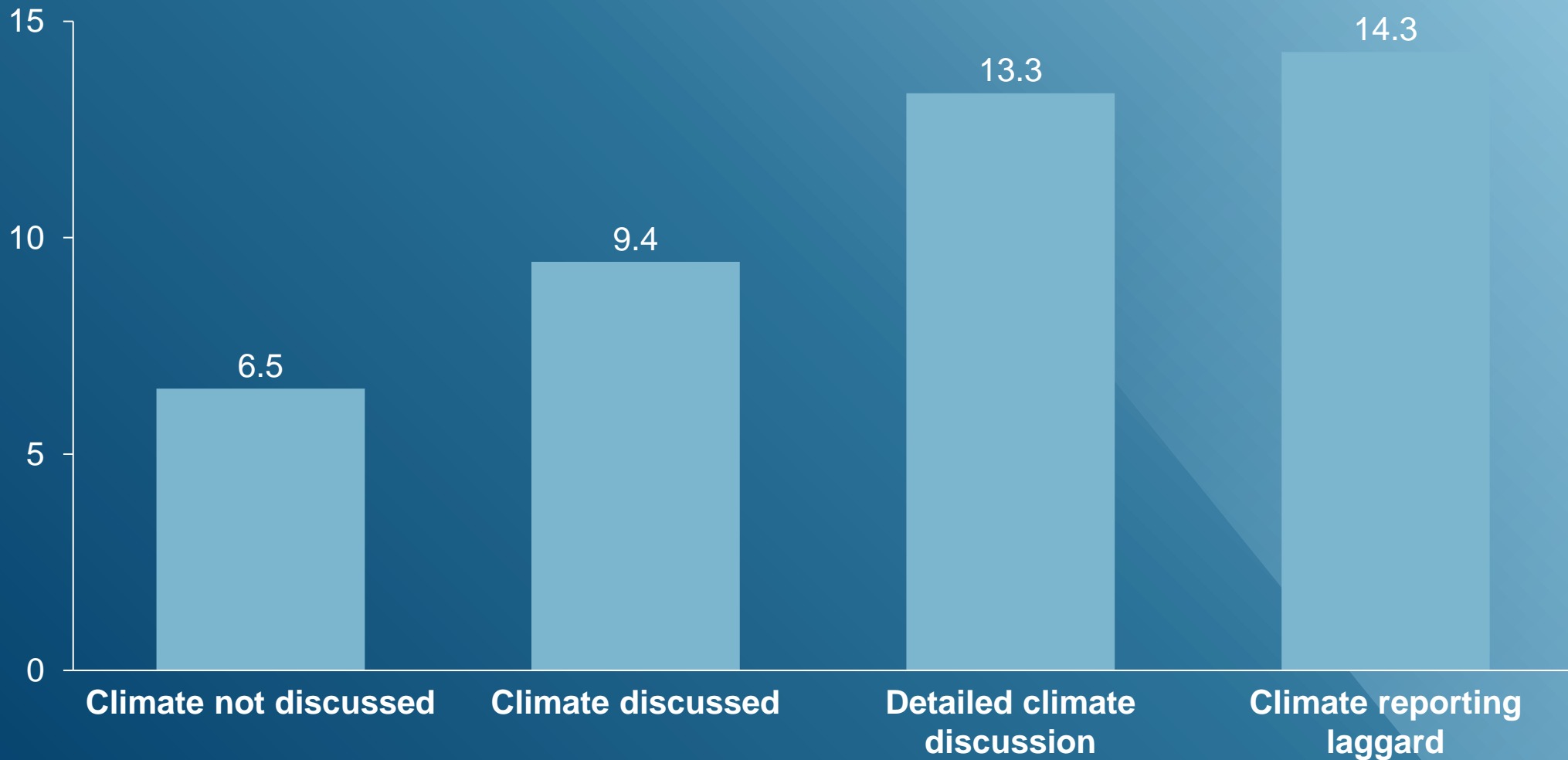


Perform scenario analysis



Engagement drives results

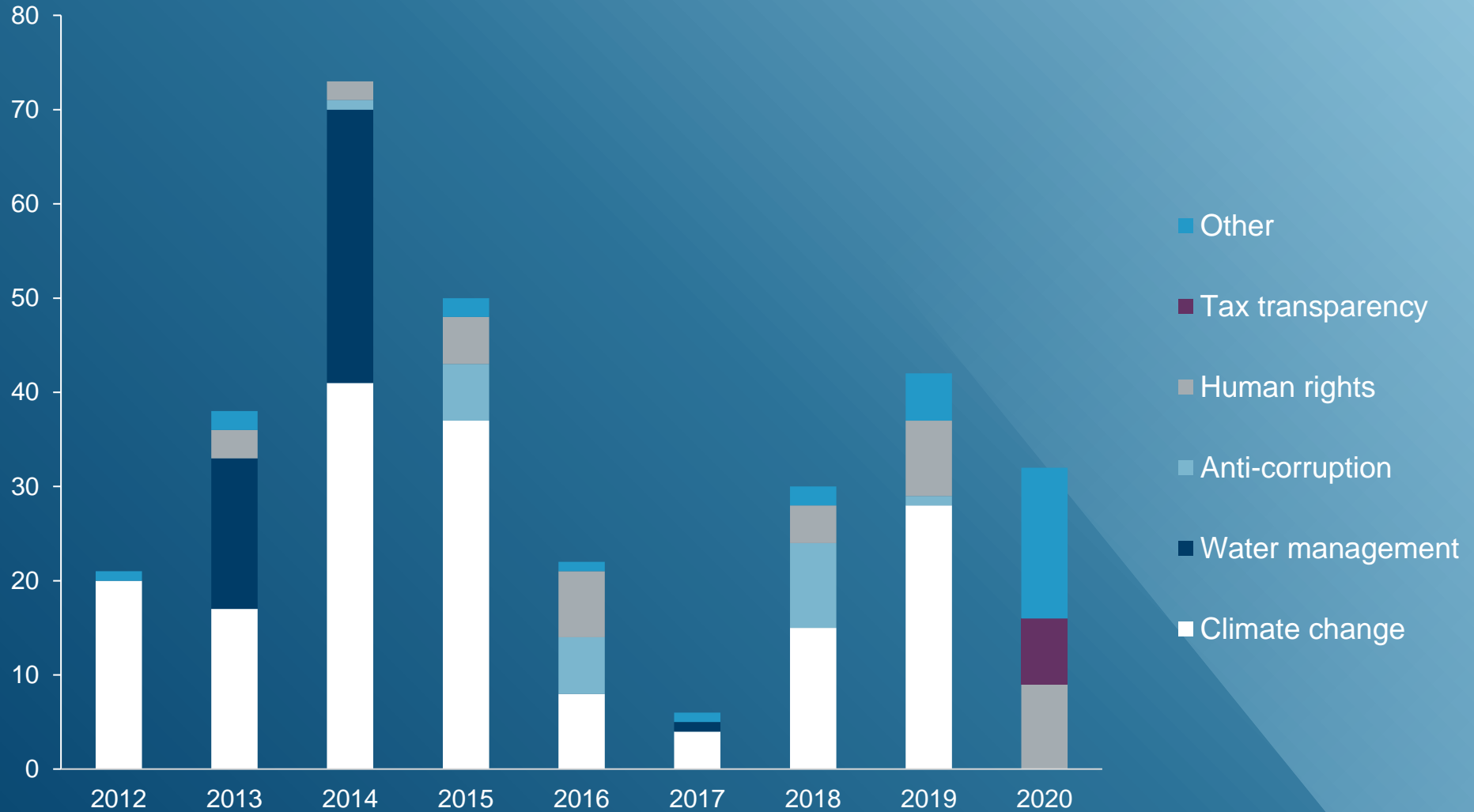
Average change in climate change score from 2019-2020



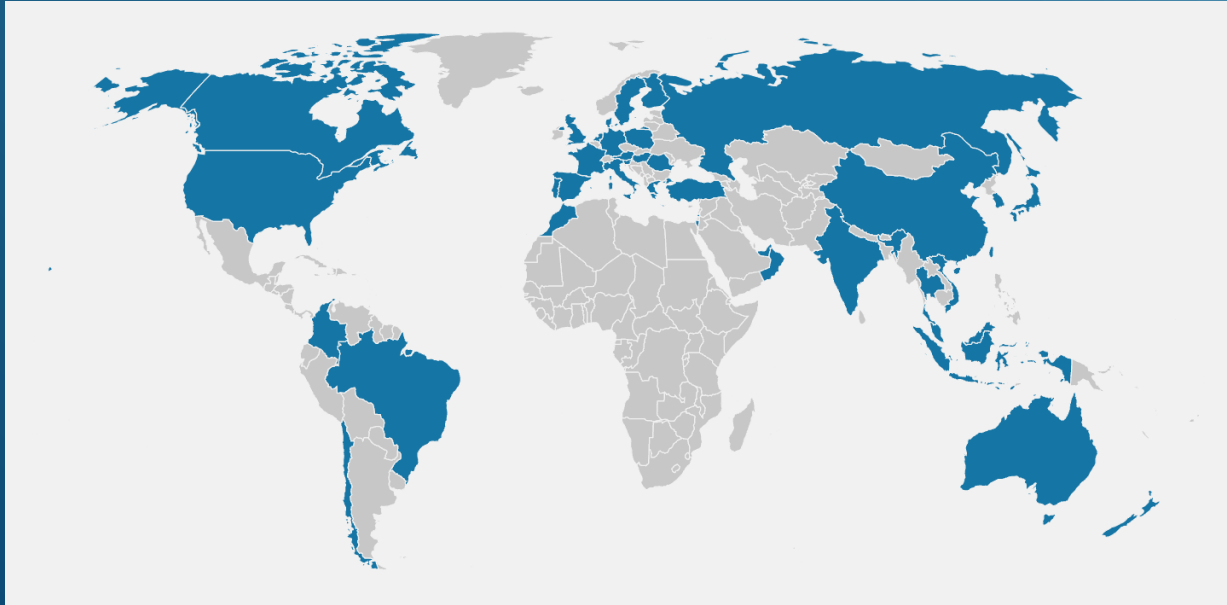
Note: Includes only companies assessed in both 2019 and 2020

Risk-based divestments

We have divested from 170 companies due to climate-related risks



Our Oil and Gas investments

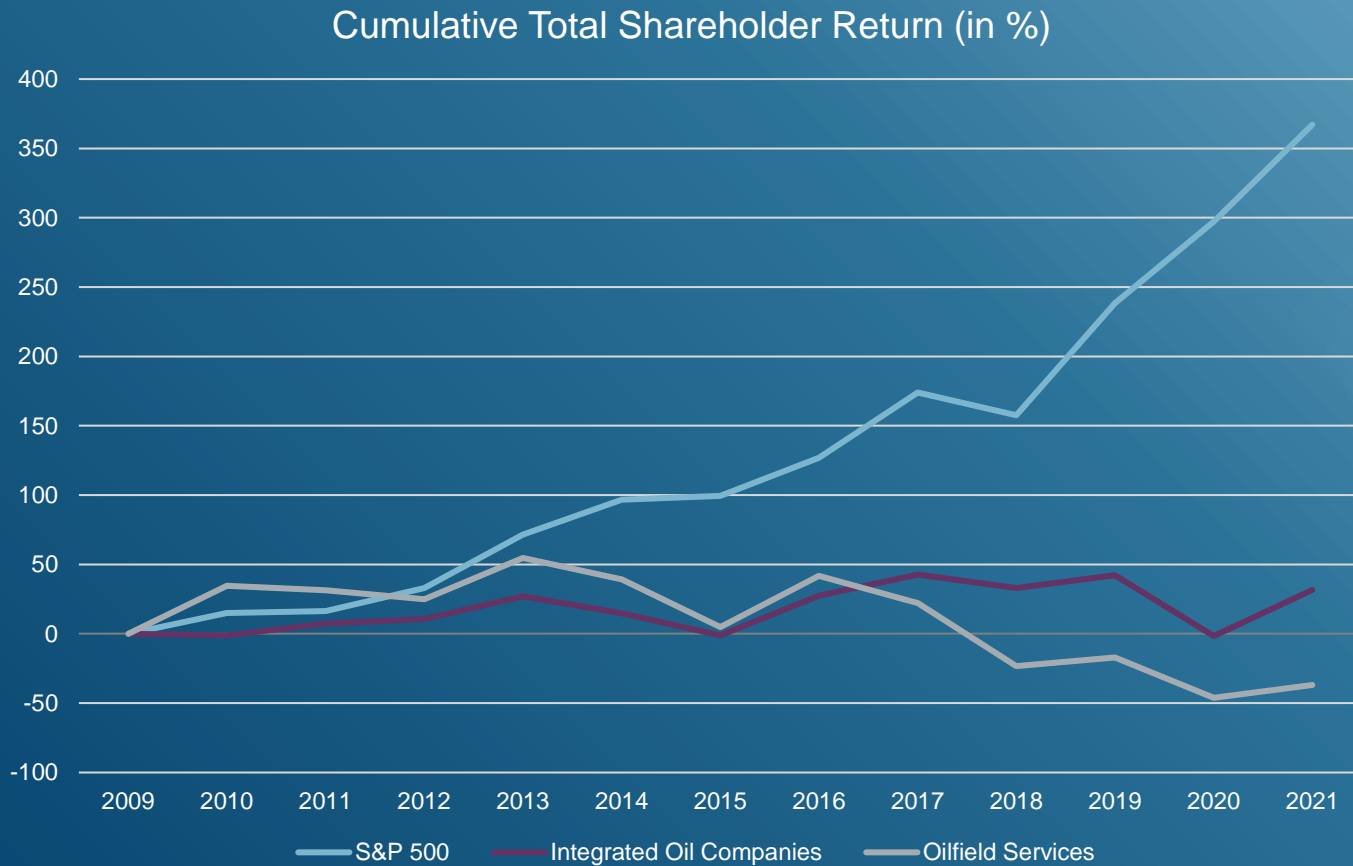


225
Companies

52%/30%/18%
Mkt cap EUR/NAM/RoW

2.1%
Of all investments

Oil & Gas with poor TSR performance



Source: Bloomberg

- Commodity price declines
- Poor industry financial returns
- Energy transition risks and ESG
 - Questions about terminal value of a hydrocarbon business
 - ESG investing

IOC – equal weighted TSR for RDS, BP, TTE, CVX, XOM, ENI
OFS – equal weighted TSR for SLB, HAL, BKR, NOV, TS, FTI
2021 – TSR 01.01.21-30.09.21



Energy transition – investment approach

Integrating risks and opportunities

Risks

- Falling demand for oil and gas

Opportunities

- Electrification
- Renewable fuels
- Clean hydrogen
- Carbon Capture



How companies can remain attractive

To us as investors

Disciplined approach to legacy hydrocarbon business

Pursue emission reduction targets linked to goals of the Paris Agreement

Invest in profitable low carbon businesses

Competitive shareholder distribution policy



Our ownership dialogue

In oil and gas



Capital Allocation



Energy Transition Strategies



Emission Targets



Governance

Navigating the climate transition

Active and responsible ownership



- “Greening” companies could be attractive investments
- Active ownership has a positive impact