



CLIMATE TRANSPARENCY REPORT 2019

Norwegian Government Pension Fund Norway (Norwegian Ministry of Finance and Folketrygdfondet)

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-83F45AB4-1A42-4E81-84B3-1AFEAF0DA01/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	-	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Norwegian Government Pension Fund Norway (Norwegian Ministry of Finance and Folketrygdfondet)
Signatory Category	Reserve - sovereign or government controlled fund
Signatory Type	Asset Owner
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2009
Region	Europe
Country	Norway
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Norwegian Government Pension Fund Norway (Norwegian Ministry of Finance and Folketrygdfondet)

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Folketrygdfondet's investment strategy sets out the overarching principles for management of the Government Pension Fund Norway: "Folketrygdfondet's mandate assumes a connection between sustainable development and the opportunity to secure financial returns in the long term. We safeguard our financial interests by exercising our ownership and creditor rights in an active, responsible manner." (<http://www.folketrygdfondet.no/investment-strategy/category384.html>). The full strategic plan for the management for the Government Pension Fund Norway is available here: <https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf>.

The investment strategy should be read in conjunction with our mandate: <http://www.folketrygdfondet.no/getfile.php/132145/Dokumenter/Engelske%20dokumenter/16-333%20Management%20mandate%20for%20the%20Government%20Pension%20Fund%20Norway%20016.pdf>, principles for responsible investment: <https://www.folketrygdfondet.no/principles-for-responsible-investment/category522.html>, more detailed guidelines for Folketrygdfondet's active ownership: <https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf>, as well as the annual ownership reports (<http://www.folketrygdfondet.no/responsible-investment/category388.html>) and expectation documents for portfolio companies related to responsible investment (<https://www.folketrygdfondet.no/getfile.php/132672-1547540542/Download%20centre/Other%20documents/Folketrygdfondet%27s%20expectations.pdf>).

These include specific documents related to Folketrygdfondet's expectations for portfolio companies' approach to strategy, capital structure, and financial targets; executive remuneration; climate change; human rights; anti-corruption; labor rights; and the environment.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Folketrygdfondet's principles for responsible investment ("policy setting out your overall approach") apply to all asset classes, including SSA. Given, however, that the investment universe is limited to the Nordic countries, Folketrygdfondet does not conduct any additional responsible investment activities for this asset class. The more specific policies referred to in SG 01.2 above are not necessarily relevant to every asset class (e.g. proxy voting policy limited to equity investments).

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Folketrygdfondet's mandate is the point of departure for evaluating portfolio risk, including climate-related risk. We are a long-term, active investor, and measure excess returns relative to our benchmark. Folketrygdfondet's benchmark is comprised of 60 percent equities and 40 percent fixed income, divided between 85 percent in Norway and 15 percent in the remaining Nordic countries. As an active manager, Folketrygdfondet has the opportunity to adjust portfolio weights in response to changes in the financial risk outlook. Folketrygdfondet's Strategic Plan (Norwegian only) further outlines the strategy for achieving excess returns. Geopolitical developments, structural trends, sector dynamics, and other material changes in framework conditions are highlighted as elements included in our analyses. Our investment decisions are based on broad access to information, analysis, and contact with companies, including information related to ESG factors.

Folketrygdfondet's ability to generate excess returns over the short, medium, and long term depends on robust analysis of market risk, including risk related to climate change. These evaluations are therefore an integrated part of our investment responsibilities. At the same time, our long-term returns are dependent on portfolio companies' ability to deliver good results over the long term.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
- No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes

Describe

In 2018, the board approved the amendment of Folketrygdfondet's principles for responsible investment to provide explicitly that: "The Government Pension Fund Norway shall continuously assess and manage material sustainability-related risk, both threats and opportunities."

In addition, Folketrygdfondet's CEO approved the inclusion of "Sector-related or systematic sustainability risk", including climate risk, as a core element of Folketrygdfondet's exercise of ownership rights:
<https://www.folketrygdfondet.no/getfile.php/132880-541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf>

- No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:<https://www.folketrygdfondet.no/principles-for-responsible-investment/category522.html>}

- Attachment (will be made public)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

	URL
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{hyperlink:<https://www.folketrygdfondet.no/getfile.php/132672-1547540542/Download%20centre/Other%20documents/Folketrygdfondet%27s%20expectations.pdf>}

- Attachment (will be made public)

- Formalised guidelines on social factors

	URL/Attachment
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- URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132672-1547540542/Download%20centre/Other%20documents/Folketrygdfondet%27s%20expectations.pdf}

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties

URL/Attachment

- URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf}

- Attachment (will be made public)
- Asset class-specific RI guidelines

URL/Attachment

- URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf}

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:http://www.folketrygdfondet.no/investment-strategy/category384.html}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink: <http://www.folketrygdfondet.no/investment-strategy/category384.html>}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink: <http://www.folketrygdfondet.no/responsible-investment/category388.html>}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink: <https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf>}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink: <https://www.folketrygdfondet.no/getfile.php/132880-1541415943/Dokumenter/Engelske%20dokumenter/Folketrygdfondets%20eierskapsut%C3%B8velse%20-%20engelsk%20versjon%20WEB.pdf>}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink: <http://www.folketrygdfondet.no/responsible-investment/category388.html>}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.folketrygdfondet.no/getfile.php/132672-1547540542/Download%20centre/Other%20documents/Folketrygdfondet%27s%20expectations.pdf}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{hyperlink:https://www.folketrygdfondet.no/management-mandate/category404.html}

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other role, specify (1)
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	Other description (1)
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Other role, specify (1)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Folketrygdfondet's board bears overall responsibility for ensuring the management team integrates responsible investment principles in a satisfactory manner. The board does this by making responsible investment a fixed agenda item at board meetings, and by reviewing and approving Folketrygdfondet's responsible investment principles annually. We do not distinguish between the board's oversight role for climate-related issues as opposed to other issues related to responsible investment.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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The CEO has overall responsibility for ensuring implementation of and compliance with the responsible investment principles. Applicable expectations are described in the responsible investment guidelines. Responsibility for implementing these guidelines lies with the management group, and is tailored to the different areas and departments.

The equity and fixed income departments have a specific responsibility to integrate responsible investment into their daily operations. Folketrygdfondet has a team-based investment approach. Portfolio managers and dedicated responsible investment staff work together to assess ESG risk and engage with portfolio companies.

We do not distinguish between the management-level roles for climate-related issues as opposed to other issues related to responsible investment. Rather, in 2018, the board approved an amendment to the principles for responsible investment to clarify that, "The Government Pension Fund Norway shall continuously assess and manage material sustainability-related risk, both threats and opportunities."

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1 Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Engaged in dialogue with companies in sectors more likely to be exposed to climate risk, to learn which threats and opportunities they have identified.

- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

Folketrygdfondet's annual and ownership report includes a TCFD index, which lists where the reader can find our responses to the recommended disclosures.

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.			

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	TCFD-recommended disclosure	23.92	weighted average tonne CO2e/million NOK
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	TCFD-recommended disclosure	18.23	tonne CO2e/million NOK invested
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	TCFD-recommended disclosure	18.23	tonne CO2e/million NOK invested
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	TCFD-recommended disclosure	2,571,012	tonne CO2e
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	TCFD-recommended disclosure	28.09	tonne/million NOK revenue

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

Folketrygdfondet's investment strategy and unique characteristics argue in favor of beginning an assessment of climate risk in the portfolio through a "bottom-up" perspective. To that end, in 2018 we engaged in collaborative active ownership with several Norwegian investors with companies in industries the TCFD identifies as particularly exposed to climate risk. Climate risk is also a topic of discussion in Folketrygdfondet's ongoing dialogue with management in portfolio companies. We use insight from the dialogue with portfolio companies in our continuing work to assess climate risk in the portfolio under various scenarios.

- Process for climate-related risks is not integrated into our overall risk management

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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Yes

	Please describe
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See answer to 14.8 CC. In 2018, Folketrygdfondet engaged in dialogue with portfolio companies both as a means of better understanding climate risk in the portfolio, and to communicate our expectation that companies assess and manage climate risks.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

No