

# Updated Expectations for Portfolio Companies

**Folketrygdfondet is the largest institutional investor on the Oslo Stock Exchange and is among the three largest shareholders in 48 companies. We have now updated our expectations document, which forms the basis for our responsible investment practices.**

We have clear expectations of our portfolio companies, including their handling of environmental, social, and governance (ESG) issues. This helps reduce risk in our portfolio and thereby achieve the highest possible return over time.

“The goal of our ownership practices is to ensure long-term value creation. As an active and responsible manager of two Nordic funds, we have a duty to set clear expectations for the companies and issuers we invest in,” says Kjetil Houg, CEO of Folketrygdfondet.

## **Climate and Nature**

Companies depend on a sustainable and forward-looking business model to ensure profitability over time. This is reflected in our expectations for managing climate and nature-related risks. It is also in line with the update to our mandate on governance and measurement of climate risk.

“Companies must align their operations so that they are compatible with global net-zero emissions in accordance with the Paris Agreement. We expect companies to be transparent about how they address climate risk and how they plan to deliver on their climate ambitions,” says Karl Mathisen, Head of Equities.

Folketrygdfondet’s expectations are based on the OECD Guidelines for Multinational Enterprises, IFRS S2, and the UN Global Compact.

## **Creating Predictability**

Folketrygdfondet holds over 500 meetings annually with companies and issuers. In addition, we vote at all general meetings and participate in selected nomination committees.

“Our revised expectations for companies build on our history as a responsible and predictable owner and will form the basis for company dialogue going forward,” says Houg.

The topics covered in the expectations document include strategy, capital structure and financial targets, anti-corruption, human and labour rights, climate, nature, remuneration for the board and senior executives, and issuance of debt instruments.