

# NBIM's Corporate Governance Principles and Voting Guidelines



**Norges Bank Investment Management (NBIM) is responsible for investing the assets of the Norwegian Government Pension Fund Global.**

This document outlines our overall ownership principles and communicates our policies and priorities to companies in which we are invested and to those markets in which we operate.

The goal of NBIM's equity ownership activities is to safeguard financial wealth for future generations by promoting value-creating companies, good corporate governance and sustainable development. Good corporate governance underpins the development of profitable businesses while securing shareholder rights and the equitable distribution of benefits. As a sizeable, long-term investor we believe we have the ability and responsibility to influence companies and markets to the financial benefit of the portfolios we manage.

NBIM's principles are based on internationally accepted global standards, such as the OECD Principles of Corporate Governance and Guidelines for Multinational Enterprises, and the United Nations Global Compact.

ISBN 978-82-7553-544-1 NBIM 's Corporate Governance Principles and Voting guidelines (Printed)

ISBN 978-82-7553-545-8 NBIM 's Corporate Governance Principles and Voting guidelines (online)

Print: 07 Lobo Media

Design and illustration: Burson-Marsteller/Erik Sand

Photo: 123RF, iStockphoto

# Corporate Governance Principles

## **The company's objective is to build and safeguard long-term shareholder value**

The company must have a clearly defined objective and a business strategy. To protect the interests of shareholders and prevent the company from diverging from value-creating strategies, fundamental decisions should be taken by the shareholder meeting. Such decisions are changes to the business purpose and bylaws, changes to shareholder rights, significant changes to the share capital, and the election of board directors. The company must provide adequate and timely information on all matters material to the valuation of the company.

## **The company's board of directors shall work in the interest of all shareholders**

The board shall take a long-term view of value creation, be sufficiently independent and provide management with opportunity and adequate incentive to build profitable business that can be sustained. It is the board's responsibility to ensure internal control and equitable treatment for all shareholders. In fulfilling its tasks, the board is accountable to shareholders for its decisions. Shareholders should be able to propose, elect and dismiss board directors at shareholder meetings without unreasonable hindrance.

## **The company must address the impact of its activities on society and the environment**

The company's board of directors is responsible for the establishment of a strategy and policies securing business practices that are consistent with sustainable development.

## As an active and responsible owner, NBIM will:

### **Communicate our concerns and be transparent about our activities**

We will communicate our principles and concerns. We will work with other investors in order to strengthen our influence and we will participate in international networks to promote good corporate governance and sustainable business practices. We will work to solidify and improve regulation and market standards in order to support value creation and sustainable practises.

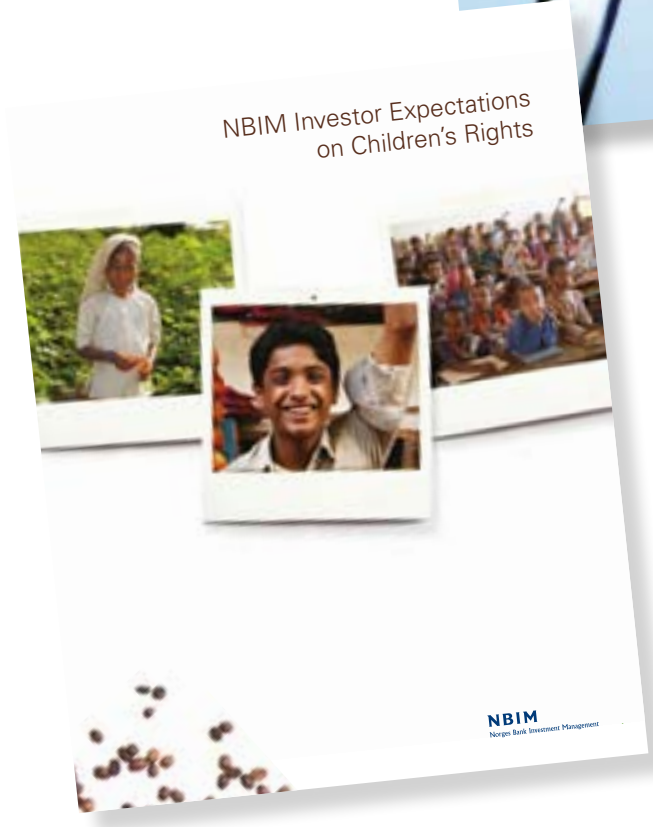
### **Engage with companies**

We will be clear on our investor expectations towards companies and we will engage in dialogue with the boards of individual companies on significant matters. We will engage to improve business practices and influence board composition.

### **Exercise our shareholder rights**

We will exercise our shareholder rights, including voting at shareholder meetings world-wide and if needed, propose resolutions and board candidates. We will take legal actions when necessary.

*These ownership principles are supplemented by Norges Bank's voting guidelines and our «Investor Expectations» documents.*



Front covers of our «Investor Expectations» documents.

**TELEFONAKTIEBOLAGET LM ERICSSON**  
**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Annual General Meeting of Shareholders will be held at the Annex to the Ericsson Globe, Globentorget, Stockholm, Sweden at 3.00 p.m. on Wednesday, April 22, 2009. Registration to the Meeting starts at 1.30 p.m.

**Right to attend and notice**  
 Shareholders with...

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

FINANCIAL CORPORATION

Board of Directors recommends stockholders vote FOR proposals 1, 2, 3 and 4 set forth below.

	For	Against	Abstain
4. To grant management the authority to adjourn, postpone or continue the Special Meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our Board of Directors makes NO RECOMMENDATION to our stockholders regarding the advisory resolution in item 5 below.			
5. Non-binding resolution to retain the Company's Stockholder Rights Plan until its scheduled expiration on July 9, 2011. Note: A vote for this resolution signifies an advisory vote to retain the Stockholder Rights Plan until its scheduled expiration. A vote against this resolution signifies an advisory vote to terminate the Stockholder Rights Plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To amend Article FOURTH of the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock, par value \$0.01, from 2,000,000,000 to 4,000,000,000 (and, correspondingly, increase the total number of authorized shares of capital stock from 1,201,000,000 to 4,001,000,000).

To approve under the applicable provisions of NASDAQ Marketplace Rule 5635 the issuance of Class A Senior Convertible Debentures due 2019 and Class A Senior Convertible Debentures due 2019 (and the issuance of common stock issuable upon conversion of the Class A Senior Convertible Debentures due 2019) and Class A Senior Convertible Debentures due 2018 in connection with the proposed debt exchange transaction described in the attached proxy statement.

To approve under the applicable provisions of NASDAQ Marketplace Rule 5635 the potential issuance of common stock, or securities convertible into or exchangeable or exercisable for common stock, in connection with future debt exchange transactions described in the attached proxy statement in an amount up to 365 million shares.

PLEASE SIGN EXACTLY AS YOUR NAME(S) (NAME) SHOWN ON THE SHARE CERTIFICATE TO WHICH THE PROXY APPLIES. WHEN SHARES ARE HELD BY JOINT TENANTS, BOTH SHOULD SIGN. WHEN SIGNING AS AN ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE GIVE FULL TITLE AS SUCH. IF A CORPORATION, PLEASE SIGN IN FULL CORPORATE NAME BY PRESIDENT OR OTHER AUTHORIZED OFFICER. IF A PARTNERSHIP, PLEASE SIGN BY PARTNERSHIP NAME BY AUTHORIZED PERSON.

Signature (Joint Owners) \_\_\_\_\_ Date \_\_\_\_\_

Signature (PLEASE SIGN WITHIN BOX) \_\_\_\_\_ Date \_\_\_\_\_

... as of Thursday, April 16, 2009, at the securities registry (formerly VPC AB); and ...  
 ... on Thursday, April 16, 2009 at ... +46 (0)8 4029054 between ... (0)8 216087. Notice may also ... General Meeting of Share- ... when giving notice of attendance, ... and number of attending ...

... nominee, must request to be ... 16, 2009, in order to be ... sted to inform the nominee

... attorney for the repre- ... panied by a copy of ... responding document ... not be older than ... of attorney in origi- ... be sent to the ... il 21, 2009. Forms ... any's website

... 2008. ... consolidated accounts, the consolidated accounts, ... the President's speech and questions by the shareholders to the Board of Directors and the management.

# Voting Guidelines

**NBIM will actively exercise its voting rights in order to safeguard the assets of the funds under management and to promote sustainable development and sound corporate governance.**

NBIM's voting guidelines address proposals from the board as well as from shareholders. The guidelines aim to cover voting worldwide and pursue consistency in voting. When exercising its voting rights, NBIM will seek to avoid micromanagement and support of special interests. Meeting agendas regarding both board and shareholder proposals are reviewed and analysed on a case-by-case basis. We will take into account local governance codes, market practises, and sector and company specific factors, in considering whether the proposal benefits shareholder value when deciding how to vote.

NBIM recognises that there may be company specific factors related to the guidelines laid out in this document. These factors may at times be of such a nature and relevance that they will override the general guidelines described below. The objective is always to vote in a way that benefits the long-term shareholder value for our portfolios.

## 1. General

### **NBIM will support:**

- 1.1 the approval of routine matters such as receiving financial statements and other reports from the board, and the discharge of the board of directors. Norges Bank may however vote against any of these items if discrepancies are evidenced,
- 1.2 the election of auditors and statutory auditors, unless serious concerns about the accounts or audit procedures are raised, the auditors are being changed without explanation, non-audit fees are excessive and represent a potential conflict of interest or where the auditors' independence is questionable,
- 1.3 resolutions seeking increased transparency and availability of timely and relevant information provided the subject is material to the company, and such disclosure will benefit shareholders.

### **NBIM will not support:**

- 1.4 proposals if the information disclosed is not sufficient to make an informed decision.

## 2. Shareholder's right to vote

### **NBIM will support:**

- 2.1 proposals to abolish multiple share classes with disparate voting rights or voting caps based on the general principle of «one share – one vote»,
- 2.2 proposals to de-bundle all agenda items, so that shareholders can make individual voting decisions on all items,
- 2.3 annual election of all directors of the board in separated agenda items,

- 2.4 proposals to allow shareholders to propose binding resolutions for the general meeting, including proposals on changes in the company's articles of association,
- 2.5 proposals to allow shareholders to request a general meeting to be called, given an appropriate threshold of ownership.

**NBIM will not support:**

- 2.6 the creation of multiple share classes with disparate voting rights or the introduction of cap on voting rights.

### 3. Board of Directors

**NBIM will support:**

- 3.1 boards that are accountable and that demonstrate a commitment to creating shareholder value,
- 3.2 proposals to ensure a sufficiently independent chairman,
- 3.3 a board with at least a simple majority of members independent from management, major owners and related third parties. When a board's key committees (i.e. compensation, nominating and audit) exist they should be fully independent,
- 3.4 proposals requiring directors to own a meaningful number of company shares to better align the interests of directors with those of shareholders.

**NBIM will not support:**

- 3.5 directors that fail to act on requests from shareholders, where these requests have received significant shareholder support,
- 3.6 chairmen who are also the CEO of the same company.

## 4. Anti-takeover measures

### **NBIM will support:**

- 4.1 the abolishment of anti-takeover measures and proposals that would require shareholder approval to adopt or amend anti-takeover measures.

### **NBIM will not support:**

- 4.2 the introduction of anti-takeover measures, such as poison pills, excess capital authorisations, classified boards, super voting shares, supermajority vote requirements and golden shares where power is transferred from shareholders to management,
- 4.3 re-election of directors responsible for implementing, or renewing, anti-takeover measures without putting it forward to the general meeting.

## 5. Capital structure and corporate transactions

### **NBIM will support:**

- 5.1 board proposals pursuing an appropriate capital structure in line with the stated strategy,
- 5.2 the proposed allocation of income including dividends unless the payout policy and ratio is inconsistent with the company's financial position and strategy or with other reasonable investor expectations.
- 5.3 acquisitions and corporate transactions based on whether the transaction is expected to produce positive shareholder returns in the long term.

### **NBIM will not support:**

- 5.4 capital changes or authorisations with the effect of discriminating shareholders over voting rights or facilitating takeover defences,
- 5.5 capital increases when the issuance, either individually or when aggregated with other planned equity issuances, substantially dilutes the existing equity.

## 6. Executive remuneration

### **NBIM will support:**

- 6.1 remuneration plans that are effective in aligning management interests with long term shareholder value creation,
- 6.2 remuneration plans that are appropriate to attract, retain and give incentive to perform in line with shareholders' interests,
- 6.3 variable pay components triggered by targets that are stretching and based upon an appropriate balance of metrics that reflect long term value creation for the company and its shareholders,
- 6.4 equity-related incentives as a way to align executives' and shareholders' interests.

### **NBIM will not support:**

- 6.5 plans that may result in excessive dilution to other shareholders, are unnecessarily costly or where their size or structure create undesirable and unintended effects,
- 6.6 stock option programs that permit grants of stock options with an exercise price below fair market value on the date the options are granted, programs that allow repricing, as well as other plans or programs where the risk element is not properly accounted for,
- 6.7 proposals where insufficient information on total costs, metrics and risks on whether the plan will reward superior future performance is provided,
- 6.8 re-election of remuneration committee members, or any director responsible for remuneration in those markets where a remuneration committee does not exist, if NBIM deems the proposed remuneration policy to be unsatisfactory,
- 6.9 proposals to implement future shareholder vote on remuneration issues («say on pay»).

## 7. Disclosure on social and environmental issues

### **NBIM will support:**

- 7.1 proposals that request reasonable disclosure of the company's policies, operations and products with respect to social and environmental issues, including the release of greenhouse gases and water footprint when the current information publicly available is insufficient and such disclosure will benefit shareholders.
- 7.2 proposals that request the company to perform and disclose a social or environmental impact assessment of specific projects or operations when the current information publicly available is insufficient and such disclosure will benefit shareholders.
- 7.3 proposals that request the company to report on political contributions when the current public disclosure is insufficient and such disclosure will benefit shareholders.

### **NBIM will not support:**

- 7.4 proposals that do not address an issue in a way that we consider efficient or beneficial to shareholders, or when the current level of disclosure is considered satisfactory.



*Illustrations from our «Investor Expectations» documents.*



## 8. Human rights and labour standards

### **NBIM will support:**

- 8.1 proposals that request adoption or implementation of a code of conduct based on human rights and international labour standards covering a company's operations and supply chain.
- 8.2 proposals that require adoption of a policy or reporting on efforts to promote activities against discrimination by gender, religion, sexual orientation, etc, when the actions suggested in the proposals are considered to be reasonable with regard to what the company can be held accountable for and will benefit shareholders.

*Illustrations from our «Investor Expectations» documents.*

The main content of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the OECD Principles of Corporate Governance are summarised below.

## The United Nations Global Compact

**The United Nations Global Compact covers human rights, labour standards, the environment and anti-corruption. Through the following 10 principles, the United Nations Secretary-General encourages businesses to:**

- support and respect the protection of internationally proclaimed human rights
- make sure that they are not complicit in human rights abuses
- uphold the freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced and compulsory labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation
- support a precautionary approach to environmental challenges
- undertake initiatives to promote greater environmental responsibility
- encourage the development and diffusion of environmentally friendly technologies
- work against corruption in all its forms, including extortion and bribery

## The OECD Guidelines for Multinational Enterprises

These guidelines consist of recommendations by governments to multinational enterprises operating in or from member countries. The purpose of the guidelines is to encourage multinational enterprises to contribute to economic, social and environmental progress. The guidelines provide principles and standards for responsible corporate behaviour in a number of areas, including good corporate governance and social responsibility. All OECD member countries, as well as a number of other countries, have made a commitment to ensuring that the guidelines are followed. The guidelines deal with:

- respect for human rights and contribution to sustainable development
- disclosure of information
- employment and industrial relations
- environmental protection
- combating bribery
- consumer interests
- science and technology
- competition
- timely payment of tax liabilities.

## The OECD Principles of Corporate Governance

These guidelines may be viewed as an internationally accepted minimum of what should be included in principles of good corporate governance. The main points are:

- ensuring the basis for an effective corporate governance framework
- the rights of shareholders and key ownership functions
- the equitable treatment of shareholders
- the role of stakeholders in corporate governance
- disclosure and transparency
- the responsibilities of the board

<http://www.unglobalcompact.org/AbouttheGC/TheTENPrinciples/index.html>

<http://www.oecd.org/dataoecd/56/36/1922428.pdf>

<http://www.oecd.org/dataoecd/32/18/31557724.pdf>