NORGES BANK
INVESTMENT MANAGEMENT

Global voting guidelines

2019

Shareholder meetings are an important opportunity for investors to exercise ownership rights.

Our objective is to vote in a manner that supports long-term shareholder value.

Our voting shall be predictable, transparent and in line with the fund's long-term strategy.

Our vote decisions are continuously published on www.nbim.no

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Introduction

Shareholder meetings are an important opportunity for investors to exercise their ownership rights, support the company, hold the board accountable and guide companies. Norges Bank Investment Management will actively exercise its voting rights to support the fund's return objective.

We seek to make voting decisions that will further the long-term economic performance of our investments and reduce financial risks associated with the governance, environmental and social practices of companies. Internationally recognised standards, together with our principles, expectations and positions, serve as the foundation for our voting decisions.

This document sets out our approach to voting and the overarching positions that guide our voting decisions.

We welcome comments and feedback on our voting and ownership. Please contact us at: ownership@nbim.no.

Our approach to voting

Norges Bank Investment Management is a long-term, global investor. Our mission is to safeguard and build financial wealth for future generations through responsible management of the fund. Our voting guidelines reflect the Management Mandate for the Government Pension Fund Global and the Executive Board's Principles for Responsible Investment Management. Our approach to voting is set out below.

We will vote in a principled and consistent manner
We vote to advance the fund's long-term interests. Accordingly, we will vote in a principled and consistent manner to maximise the long-term performance of the fund.

We base our voting decisions on internationally recognised standards, such as the G20/OECD Principles of Corporate Governance, UN Global Compact, UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

Accommodate market-specific practices and regulations

We take into account that legal and regulatory requirements differ from country to country. Corporate governance requirements in some jurisdictions are legally enforced, whereas in others they are regulated on a comply-or-explain basis.

We also recognise that cultural differences can affect the way businesses operate. These factors should not prevent the board from implementing high-quality corporate governance standards or being transparent and accountable. Our global voting guidelines apply across specific regional and country features. Where appropriate, we will take market-specific factors into consideration when applying these guidelines.

Accommodate company-specific circumstances

A principled approach to voting guides us when considering both straightforward and more complex agenda items. Many resolutions have easily recognisable attributes and can be voted on by direct application of these guidelines.

In some cases, the application of our voting guidelines requires a wider consideration of the company and the agenda item. For such proposals, we aim to incorporate all relevant information in our assessment and final voting decision.

The depth and specificity of our assessment will be proportional to the significance of the issue and the size of our investment.

We will be transparent in our voting
To ensure timely disclosure, we will publish our voting decisions on www.nbim.no one day after a general meeting has concluded.

We may also publish voting intentions ahead of general meetings for a selected number of companies, and on fundamental issues to which we wish to draw attention. In these cases, we will inform the relevant company in advance of publishing our voting intention.

The board

As a minority shareholder, we are one of many contributors of equity capital to a company. Most decision-making authority must therefore be delegated to the board of directors. For this delegation to function effectively, the board must be accountable to shareholders.

The board should demonstrate commitment to creating long-term shareholder value, ensure business execution in line with communicated strategy, and communicate with the market in a timely, adequate and transparent manner. The board should demonstrate that it has considered the interests of all shareholders in its decision making and that it seeks to treat shareholders equitably. The board should understand the broader environmental and social consequences of the company's business operations and ensure that business execution is aligned with international standards for responsible business conduct.

Director nomination and election

Board nomination process

The company should have a robust nomination process to ensure an effective board.

The nomination process should take into account the interests of shareholders who should be able to contribute their perspectives.

The nomination process should be transparent and accommodate a diverse pool of candidates of both genders.

The board, or its nominating body, should demonstrate that it has considered the future needs of the company when recommending board candidates.

Frequent election of board members

For board accountability to be effective, shareholders must be able to participate in frequent elections of all board members, preferably on an annual basis.

Bundling of director elections

Board members should be elected by an individual vote count at the shareholder meeting, and the vote tally must be published. In cases where votes are effectively bundled, we may vote against the board slate if we have serious concerns about individual board candidates.

Board composition

Separation of chairperson and CEO roles

The board should exercise objective judgement on corporate affairs and be able to make decisions independently of management. The board should be chaired by a non-executive member who is independent from management. The roles of chairperson and CEO are fundamentally different, and a clear separation of responsibilities is necessary to ensure effective oversight and controls.

Board independence

The board should guide company strategy and monitor management performance without conflicts of interest. In non-controlled companies, a majority of shareholder-elected board members should be independent from management, major owners and related third parties. In controlled companies, at least a third of the board members should be independent.

The board's audit, remuneration and nomination committees should have a majority of independent members. These committees should also be fully independent from management.

Industry expertise

The board should have a thorough understanding of the industry in which the company operates. The board should have sufficient industry expertise to monitor management's implementation of corporate strategy. Shareholders should be able to identify independent directors who bring relevant industry expertise to the board.

Overcommitment of board members

Board members should devote sufficient time to fulfil their responsibilities effectively. Board members of listed companies should not serve on more than five boards at one time. The chairperson is responsible for leading all aspects of the board's work and should devote a significant amount of time to fulfil his or her responsibilities effectively. The chairperson of a leading company should generally not chair the board of another company.

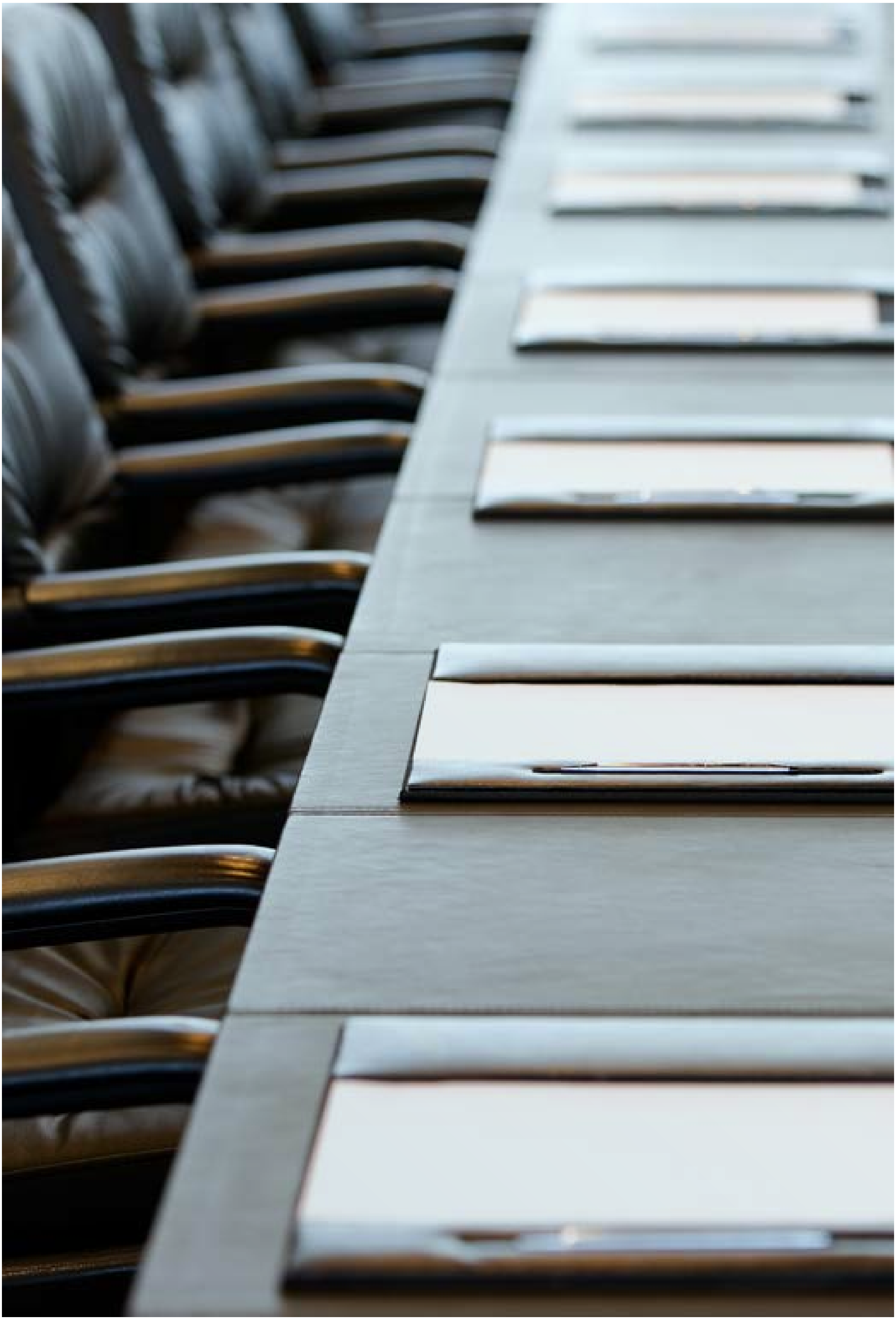
Board members should contribute to effective discussions and decision making by attending all meetings.

Board accountability

Reflection of shareholder decisions

We will hold the board accountable for outcomes, and we reserve the right to seek changes to the board when it deviates from our expectations. In board elections, we will consider whether the board has:

- Failed to act on material requests from shareholders



- Sought to circumvent shareholder proposals or implemented governance changes limiting shareholders' rights to a larger extent than those already approved by shareholders
- Retained board members who failed to receive a majority of shareholder votes at the previous board election
- Implemented poor governance structures and practices, including anti-takeover measures, without submitting them to shareholder approval

More widely, unsatisfactory financial and strategic results, mismanaged risk taking, unacceptable treatment of stakeholders or other undesired environmental or social outcomes across company operations will be taken into consideration.

Remuneration

An important responsibility of the board is to incentivise executive management in a manner that drives long-term value creation. Setting appropriate structures for executive remuneration is part of that responsibility.

The board should ensure that remuneration is driven by long-term value creation and aligns CEO and shareholder interests. The board should develop pay practices that are simple and do not put undue strain on corporate governance. The board should provide transparency on total remuneration, including a ceiling for the coming year, to avoid unacceptable outcomes. The board should ensure that all benefits have a clear business rationale.

We are supportive of simple and transparent remuneration structures that are determined and settled in cash and shares locked in for a long period, regardless of resignation or retirement.

We will hold the board accountable for establishing appropriate remuneration. This may include voting against the re-election of remuneration committee members, or any director responsible for remuneration in companies where there is no remuneration committee.

Shareholder rights

The protection of shareholder rights is an essential requirement for minority shareholders in listed companies. This includes giving shareholders the right to approve fundamental changes affecting the company. We expect decisions affecting the capital structure of a company to be in line with its stated strategy. We also expect all shareholders to be treated equitably.

Shareholder rights

Approval rights

We consider the right to vote on material changes affecting the company to be a fundamental shareholder right. This will include the right to:

- Appoint and remove directors
- Approve changes to bylaws and articles of association
- Approve changes to capital structure

For voting rights to have the intended effect, shareholders must also have the right to:

- Receive timely and adequate disclosure
- File proposals at shareholder meetings
- Ask for a shareholder meeting to be called
- Vote by proxy with the same effect as being present at the shareholder meeting, with equal information and without unnecessary costs or other distortions

Bundling of voting items

All proposals subject to shareholder decision should be presented as individual items. In those instances where voting items are bundled, we may vote against if we have serious concerns about individual elements of the proposal.

Right to influence meeting agenda

Companies should establish reasonable conditions and procedures for shareholders to include proposals in the meeting material distributed by the company, including nominating board candidates.

One share, one vote

A well-functioning shareholder approval regime is best upheld when shareholder influence is proportional to the capital invested. Any deviation from the principle of "one share, one vote" should demonstrably be beneficial to all shareholders.

Anti-takeover measures

Anti-takeover measures are generally not in the interest of shareholders, and the introduction of such measures should, at a minimum, be subject to shareholder approval.

We define anti-takeover measures to include any mechanism by which the board can shield itself or management from shareholders. In addition to traditionally recognised anti-takeover structures and "poison pills", we include:

- Excessive capital authorisations
- Classified boards
- Differentiated voting rights
- Supermajority vote requirements
- Other control-enhancing mechanisms

Related-party transactions

Related-party transactions, including parent-subsidiary transactions and commercial arrangements involving board members or significant shareholders, should be avoided unless demonstrably beneficial to all shareholders.

Equitable treatment – capital structure

Differential rights

Shareholders in the same share class should receive equal treatment.

We expect that companies with differential rights assess at regular intervals whether to move to an equal-rights regime.

A decision to continue to treat share classes differently must be demonstrated to be beneficial to all shareholders and justified to shareholders at periodic intervals.

Companies should use capital restructuring events as an opportunity to remove differential rights or demonstrate their commitment to removing differential rights in the future.

The board should ensure fair treatment of minority shareholders when making changes to the corporate or capital structure, and in corporate transactions.

Corporate transactions

Mergers, acquisitions and other corporate transactions should optimise shareholder returns in the long term. When evaluating such transactions, we will consider whether all shareholders are treated equitably, whether there are any unnecessary conflicts of interest, and whether transparency is sufficient to make a fully informed decision.

Allocation of income

Allocation of income, including dividends and share buy-backs, should be consistent with the company's financial position, strategy and other reasonable investor expectations. We will consider any conflict of interest that could influence capital allocation decisions.

Pre-emption rights

New share issuances should be offered proportionately to existing shareholders. When the board seeks to waive current shareholders' pre-emption rights, including the issuance of convertible securities and other derivatives, it must ensure that the decision fairly benefits all shareholders and seek prior shareholder approval. Unlimited capital authorisations should be avoided.

Reporting, accounts and audit

A company has a choice as to how it informs its shareholders, and the board should strive for transparency and consistency in its communication. The board is accountable for all information provided by the company, and for the company's communication with shareholders and the wider market.

Annual report and accounts

The annual report is a vital document for shareholders. We expect the board to use the annual report to present a fair, sensible and clear assessment of the company. This should be reflective of the prior year, set out the strategy and consider the future prospects of the company.

The board must ensure adequate, honest and timely information for the market and shareholders. Real-time and complete presentation of information in English facilitates equal treatment of local-language and international investors.

Discharge of directors and accounts

When voting on the financial statements and any proposal to discharge the board of responsibilities, we will consider whether any information available raises reasonable doubt about the financial statements or the board's actions. This includes any legal action underway, misstatements or goodwill write-offs, and substantial governance shortcomings.

Corporate governance code

In markets with a corporate governance code, companies should disclose whether they are in compliance with such code. Any deviation should be identified and explained in a transparent manner.

External audit

We expect the external auditor to act in an independent manner. We will consider the auditor's independence and consider concerns about the accounts or audit procedures. Excessive non-audit-related fees represent a potential conflict of interest and should be avoided by the board.

Sustainable business practices

Companies are required to assess, and where appropriate address, the impacts that their operations and products may have on external parties and the environment, including in their supply chains and business relationships. The board should understand material risks and opportunities and integrate such matters in the company's business strategy, risk management and reporting. In our public expectations of companies, we highlight climate change, water, children's rights, human rights, anti-corruption, tax and ocean sustainability as relevant areas for the board.

Risk management
The company should assess and address the impact of its operations on society and the environment, including in its supply chains and business relationships, and through its products.

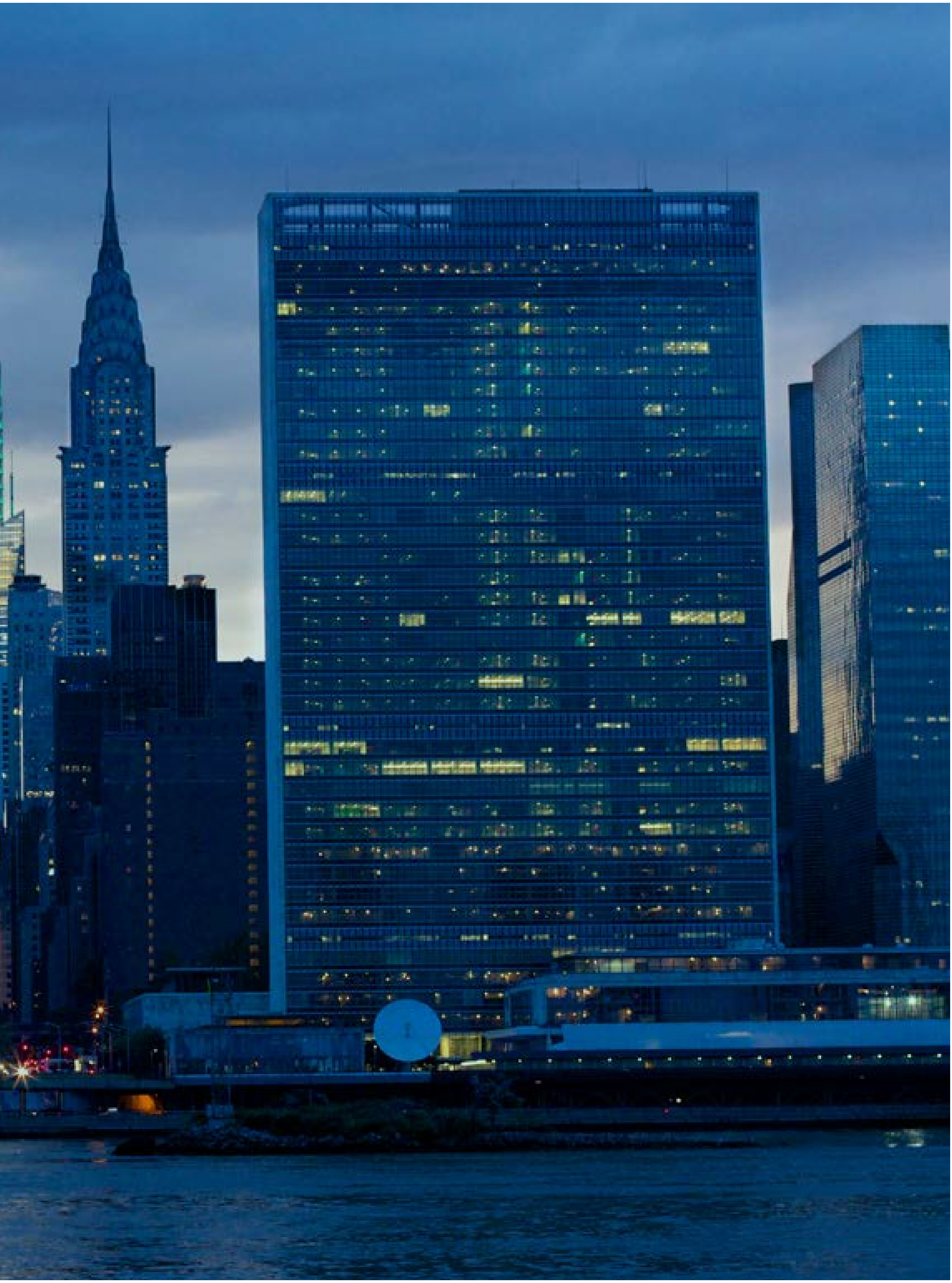
We expect companies to consider relevant, material social and environmental risk factors in their long-term strategic business planning. These can have a significant effect on the value of a company's assets over time, and on its ability to generate long-term returns for shareholders. Business strategy and policies should underpin responsible business practices that are consistent with sustainable development. Companies should also work against corruption in all its forms, including extortion and bribery.

Reporting of environmental and social risks
We consider disclosure of codes of conduct, policies, strategies, management plans and performance data with respect to environmental and social issues, as well as impact assessments of specific projects or operations, to be the first step towards better management of associated risks. Reporting should follow from the board's view of material or salient risks and opportunities and be aligned with business strategy and risk assessments. Companies should seek to align their disclosures with established reporting standards and frameworks.

We will support proposals that request reasonable disclosure of the company's policies, strategies and performance data with respect to sustainability.

Shareholder proposals
We support transparent disclosure on sustainability issues as outlined in our public expectations of companies. When assessing proposals on increased disclosure, we will consider whether current disclosure is sufficient to assess material risks and opportunities, and whether the proposed action is reasonable with regard to what the company can be held accountable for.

Company interaction with regulators
We expect companies to have policies or guidelines for engaging with policy makers and regulators. We expect companies to be transparent about the purpose and extent of such interactions. This includes political contributions and lobbying expenditures, and the cost of memberships in industry associations and interest groups.



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