

PRINCIPLES FOR OWNERSHIP MANAGEMENT

Laid down by Norges Banks Executive Board 8 June 2011

INTRODUCTION

This document sets out Norges Banks ownership principles and outlines the strategy by which the principles will be operated and implemented.

The goal of Norges Bank's ownership activities is to safeguard financial wealth for future generations by promoting value-creating companies, good corporate governance and sustainable development. Good environmental, social and corporate governance can reduce shareholders' exposure to a number of risks such as inequitable treatment, weak accountability of the board, lack of management oversight, unsustainable business practices and non-robust decision-making. As a significant, 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.

These ownership principles are based on globally recognised principles for responsible investments and will be integrated into investment activities.

OWNERSHIP PRINCIPLES

Norges Bank's exercise of ownership in companies in which we are invested will be based on the following key 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 ensure that the company pursue value-creating strategies, all fundamental decisions should be taken by the shareholder meeting. Such decisions include changes to the business objectives 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 on value creation, be sufficiently independent and provide management with opportunities and adequate incentives to develop a profitable business that can be sustained. It is the board's responsibility to ensure adequate 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 impediment.
- **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 strategies and policies securing business practices that are consistent with sustainable development.

OWNERSHIP ACTIVITIES

The activities will be long-term, relevant and principle-based. To achieve the objectives of the ownership activities in an efficient manner, we will concentrate our ownership activities to a limited number of focus areas which are of particular importance for the fund and which reflects our priorities. Before deciding on material changes to our focus areas, we will ensure that the views of the fund's stakeholders are heard through a public process.

We will use a range of strategies and tools to carry out our ownership activities. These tools include:

- **Communicate our principles and be transparent about our priorities and activities.**
We will communicate our ownership principles and priorities. We believe transparent communication is essential to secure wider understanding of our operations and activities. We will communicate directly with companies and organisations and regulatory agencies that establish standards and principles for good corporate governance in order to contribute to the safeguarding of shareholder rights and to ensure the interests of investors.
- **Co-operate with investors and organisations**
We will co-operate with investors, relevant organisations, and international networks to promote our principles and to strengthen our influence. NBIM will co-operate with other investors on a case-by-case basis or on issues related to revision or changes in regulations or policies towards companies and/or regulating bodies. We will work to solidify and improve regulation and market standards in order to support value creation and sustainable practises.
- **Engage with companies**
NBIM will engage with portfolio companies in order to address our expectations with regard to our strategic focus areas, and other issues considered to be of importance to NBIM. NBIM seeks to engage with companies that have structures or systems or that conduct business in a manner that diverge from our expectations. In addition we will seek to engage with companies where a change in its business practice can cause spill over effects in the market or the sector.
- **Vote at company meetings**
We will exercise our shareholder rights, including voting at shareholder meetings world-wide. NBIM shall have in place voting guidelines that are aligned with international and local standards for best practices. When warranted, NBIM may file shareholder proposals.
- **Legal actions**
NBIM may take legal action to promote good corporate governance and safeguard our interests as a shareholder.