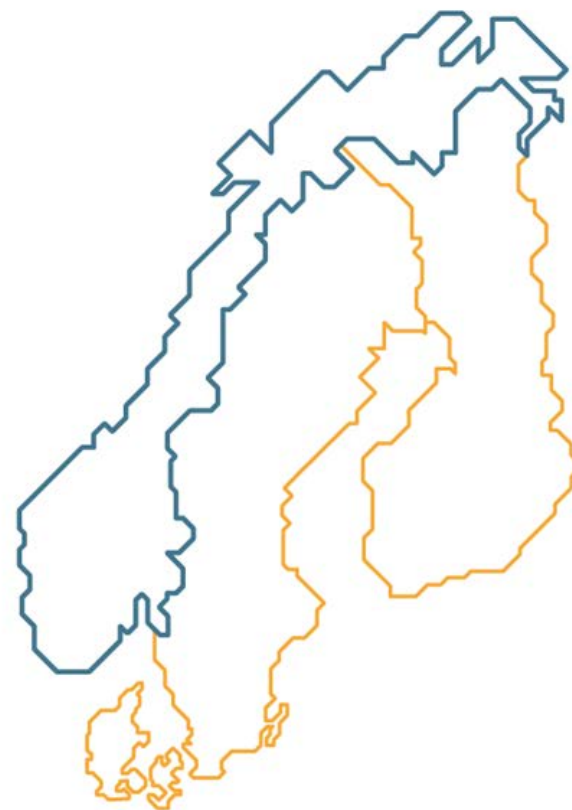
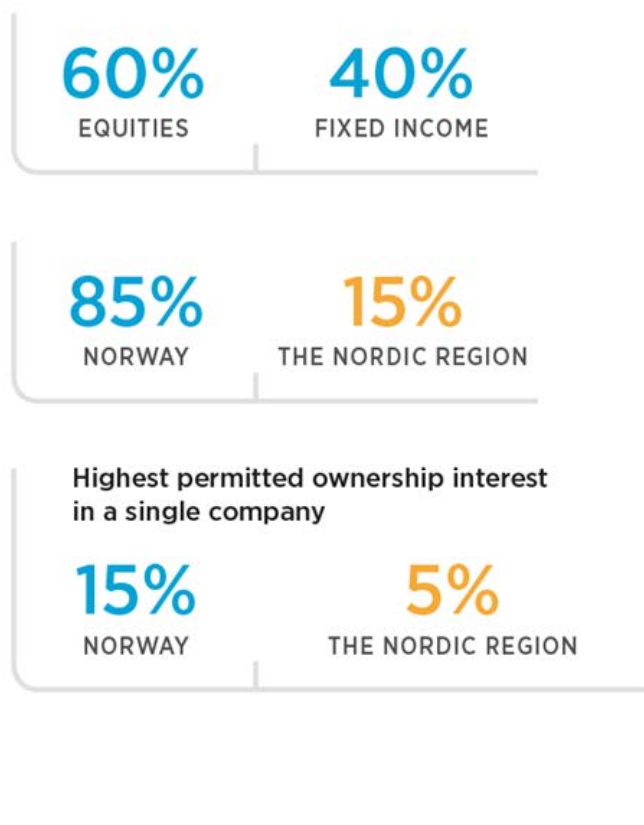


CSR communication: valuable information for a large shareholder and active owner

Melanie Brooks, Senior RI Analyst, Folketrygdfondet
TBLI conference – September 11, 2014

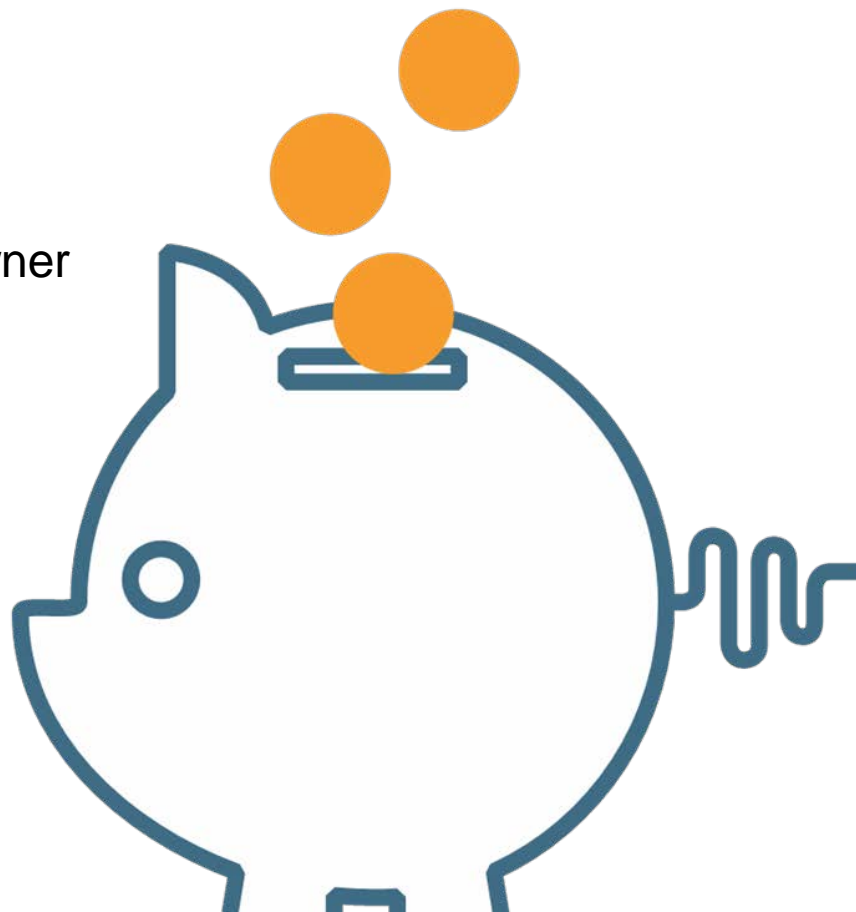
Folketrygdfondet: Who, what and where?



Total AUM: 183.5 billion NOK

Mandate to manage public assets

- With good returns
- Within defined risk limits
- Long-term
- As a responsible, active owner



Folketrygdfondet: A big fish in a small pond



- Active ownership is our most important tool in achieving our responsible investment goals

AKSJEPORTEFØLJEN

Største aksjebeholdninger per 31.03.2014

	Beholdning i millioner kroner	Andel av aksje- porteføljen i prosent
Statoil	18 761	17,3
DNB Bank	11 020	10,2
Telenor	10 585	9,8
Yara International	4 815	4,4
Norsk Hydro	4 094	3,8
Orkla	3 747	3,5
Schibsted	3 226	3,0
Gjensidige Forsikring	2 934	2,7
Seadrill	2 849	2,6
Subsea 7	2 837	2,6

Our approach to Responsible Investment

- Integration of environmental, social and corporate governance (ESG) in:
 - Analysis of companies
 - Investment decisions

- Use of active ownership and dialogue to:
 - Promote awareness of ESG considerations and related financial risk
 - Encourage a more responsible, long-term and sustainable approach

Why we care about company performance in relation to CSR/ESG

- How a company manages ESG-related issues will impact:
 - Financial risk
 - License to operate
 - Business opportunities
 - Competitive advantage

ESG information is financially relevant because:

- How a company handles these issues will influence its ability to create and maintain value for investors.
- Good reporting contributes to better functioning markets and a more correct pricing of securities.
- Companies who are good at handling ESG risks and opportunities will attract investors and can achieve a lower cost of capital than their peers.

Our role as an owner:

Issues we address:



Board nomination



Capital structure/strategy



Remuneration



Values and
guiding principles



Reporting and
communication

Arenas we use:



Dialogue with
Board/Management



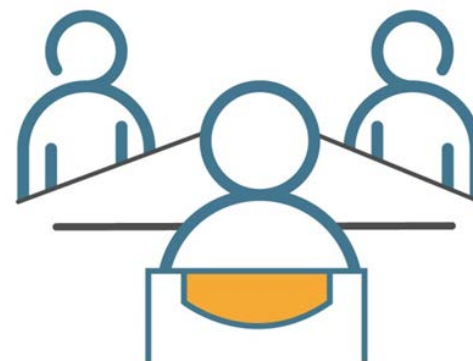
Shareholders Meetings



Nominations Committees and
Corporate Assemblies

Our expectations to companies' boards

- ✓ Set priorities; which ESG-issues are most material to the company?
- ✓ Establish principles, guidelines and goals
- ✓ Ensure disclosure to the market and other stakeholders



Examples of good reporting

From Marine Harvest 3rd quarter report



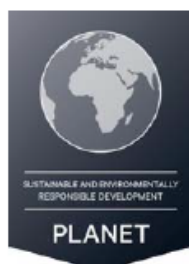
GUIDING PRINCIPLE	AMBITION	2013 ACHIEVEMENT
Profitability	ROCE of at least 12% over a cycle (4-5 years)	Q3: 21.5% YTD: 17.3%
Solidity	NIBD/Equity ratio below 50%	NIBD/Equity ratio of 60.2%, due to the consolidation of Morpol ASA.



GUIDING PRINCIPLE - ISSUE	AMBITION	Q3 2013 ACHIEVEMENT
Safe jobs	No lost time incidents (LTI)	LTIs per million hours worked reduced by 2% from the third quarter of 2012 to the third quarter of 2013. Ryfisk and Herøy 4 years without LTIs
Healthy working environment	Sick leave < 4%	Sick leave of 3.8% in the quarter Ryfisk processing 4 years below 3%



GUIDING PRINCIPLE - ISSUE	AMBITION	Q3 2013 ACHIEVEMENT
Food quality and safety	Supply seafood with valuable health benefits, preferred for its' quality and documented safety	Health targets met
Product innovation	Marine Harvest wants to play an important role in the design and use of products to satisfy customer needs	Continuous work to develop products satisfying customer/consumer needs Approval of Morpol acquisition



GUIDING PRINCIPLE	AMBITION	Q3 2013 ACHIEVEMENT
Ensure sustainable wild-farmed interaction in the farming activity	Zero escapes	3 escape incidents – 2 201 fish lost
Ensure healthy stocks minimising diseases and losses in the farming activities	Increase survival rates	Accumulated mortality (in numbers) was 2.95% compared to 4.20% in the third quarter of 2012

Examples of good reporting

From Kongsberg Gruppens Sustainability Report 2012

TARGETS AND ACTIVITIES 2012

What we said – targets and activities

▶ What we did – status

▶ Performance

Strategy

- Implement activities ensuing from the revised Policy for Sustainability and Corporate Social Responsibility
- New policy adopted by the Board of Directors in 2012. 'Megatrends and Sustainability' document drawn up



Anti-corruption

- An area in which we devote constant attention to preventative, risk-reducing initiatives and the discovery of any non-conformance
- Developed a number of mandatory guidelines for business behaviour, and implemented training initiatives in conjunction with said guidelines



Process modules for sustainability and corporate social responsibility

- Draw up and implement process modules in conjunction with acquisitions, new ventures product development, etc.

TARGETS AND ACTIVITIES 2013-2017

Plans for the future	Status 2012	1 year - Targets 2013	3 years - Targets 2015	5 years - Targets 2017
Policy <ul style="list-style-type: none"> · Implement activities ensuing from our new Policy for Sustainability and CSR, including assessing risks and opportunities related to global megatrends. 	"Megatrends and Sustainability" document drawn up	Assess projects in the light of opportunities and risks	Implement	Evaluate and implement
Anti-corruption <ul style="list-style-type: none"> · Further develop policies and routines. 	High-priority policies and routines have been developed/ revised.	Revise/further develop relevant policies and routines.	Evaluate and implement	Implement
<ul style="list-style-type: none"> · Carry out risk analyses, relevant action plans and audits to reduce risks. 	Risk analyses, action plans and reporting have been implemented throughout the Group.	Further develop internal control systems. Carry out audits.	Implement	Implement
<ul style="list-style-type: none"> · Further develop and carry out continuous training. 	The training programme has been established; courses have been developed and are conducted continuously.	Further develop and implement training.	Implement	Implement