

NBIM VOTING GUIDELINES

The NBIM Proxy Voting Guidelines have been developed in accordance with NBIMs Principles for Corporate Governance and the Protection of Financial Assets. The basis for the guidelines is internationally accepted principles for good corporate governance, as expressed in the OECD's Principles of Corporate Governance and Multinational Enterprises and the UN's Global Compact. NBIM will actively exercise its voting rights in order to protect and achieve growth in the financial assets of the funds under management.

The guidelines represents standards for good corporate governance, are not exhaustive and do not necessarily represent how NBIM will vote at any particular company. In deciding how to vote at particular shareholders meeting, NBIM also takes into account many factors in the analysis, including input from our portfolio managers and research from third parties.

NBIM pursues consistent voting on similar proxy proposals across the portfolio. However, there are variations in certain types of proposals that might result in different vote decisions. Specific situations may call for unique responses and NBIM will always take a company's specific situation into consideration. The guidelines aim to cover voting worldwide, however, we will always take local governance codes, sector specifics and market practises into account when analysing the voting issues.

NBIM will generally not support an item if there is not sufficient information disclosed in order to make an informed decision.

NBIM has established voting policies with respect to both management proposals and shareholder resolutions. NBIM will review and analyse shareholder proposals on a case-by-case basis, look at whether the request in the proposal is the appropriate way of addressing the issue, whether the resolution benefits shareholder value and whether the requirements on the company are reasonable and practical feasible.

The Voting Guidelines will be reviewed yearly and may be revised to take account of changes in NBIM's corporate governance principles, local corporate governance principles, industry standards, legal changes, as well as local market practises.

1 SHAREHOLDERS RIGHT TO VOTE

Shareholders' exercise of their right to vote is a cornerstone of good corporate governance.

NBIM holds "one share – one vote" as a general principle, i.e. shareholders should have the right to vote in proportion to their economic interest in the company. NBIM will in general not support the creation of multiple share classes with disparate voting rights or the introduction of cap of voting rights that reduce the proportional representation of

larger shareholdings. The economic implications and form of compensation to the holders of the various share classes must be evaluated for the specific situation. When evaluating companies that deviate from the “one share- one vote” principle, NBIM will take the local market practises in to consideration as well as the regulative environment with a specially focus on protection of minority interests in which the company is incorporated.

All proposals should be presented in separate agenda items, so that shareholders can make individual voting decisions on all items. However, NBIM regards it as counterproductive to vote against all proposals that is presented in a bundled item and will take in to consideration the local market practise as well as evaluating on a case by case basis the specifics of the proposals when voting on bundled items.

Shareholders should be able to propose binding resolutions for the general meeting, including changes in a company’s articles of association, as well as being able to request a general meeting to be called, given a certain threshold of ownership.

2 BOARD OF DIRECTORS

NBIM will normally vote in favour of the management supported nominees. Contested elections and situations where there exists compelling reasons for not vote in favour of the management supported nominees will be evaluated on a case-by-case basis.

NBIM supports boards that are accountable and that demonstrate a commitment to creating shareholder value. NBIM believes the board should be able to exercise objective independent judgement on corporate affairs. NBIM generally supports a board with at least a simple majority of independent board members. The board’s key committees (i.e. compensation, nominating and audit committees) should be fully independent. The variety of board structures, ownership patterns and practices in different countries will however require different approaches to the issue of board structure, independence and objectivity. NBIM will take into account the local standards as stipulated in the local corporate governance code and the local listing rules.

The objectivity of the board and its independence from management will be strengthened by the separation of the role of chief executive and chairman.

NBIM believes that all board members should be up for election every year, this not meaning that we would like to see the full board changed every year. Sufficient continuity must normally be secured.

NBIM will on a case-by-case basis evaluate to vote against the re-election of board members who have participated in the approval of executive compensation packages including egregious pension payouts, backdated or re-priced stock options, excessively dilutive equity grants, and signs on overly generous bonuses or excessive perquisites.

NBIM also oppose the re-election of board members who have implemented a poison pill without shareholder approval.

NBIM believes that directors have a duty to respond to shareholder actions that have received significant shareholder support. NBIM may vote against/withhold vote for directors that fail to act on requests from shareholders that have received significant shareholder support.

NBIM opposes the re-election of directors that have shown unlawful, unethical and negligent actions, or do not meet fiduciary standards of care and loyalty, or are otherwise not in the best interest of shareholders.

NBIM believes requiring directors to own company shares serves to align the interests of directors with those of shareholders. NBIM expects directors to have a direct, personal and meaningful investment in the common stock of the company.

3 ANTI-TAKEOVER MEASURES

With anti-takeover measures power is transferred from shareholders to management. Only shareholders should have the right to give this power away and the introduction of such measures should always be subject to shareholder vote.

Anti-takeover mechanisms include poison pills, unlimited capital authorizations (including blank check preferred stock), staggered boards, super voting shares, supermajority vote requirements and golden shares. Such measures all serve to enhance the power of management at the expense of shareholders and are especially strong if they coexist.

NBIM votes in general against anti-takeover proposals, unless they are structured in such a way that they give shareholders the ultimate decision in any proposal or offer. NBIM will support proposals to abolish poison pills and proposals that would require shareholder approval to adopt or amend poison pills. There might be circumstances when NBIM will support a poison pill, e.g. when the company has demonstrated a need for anti- takeover protection, most likely in the context of a takeover bid or contest for control, and where NBIM believes the presence of a poison pill is likely to result in greater value for shareholders.

4 MERGERS & RESTRUCTURING TRANSACTIONS

NBIM evaluates mergers and restructuring transactions on a case-by-case basis, giving consideration to economic, operational and governance factors. The fundamental objective is to determine whether a transaction makes economic sense and is expected to produce shareholder returns. All analysis is conducted from the point of view of enhancing long-term shareholder returns for the fund in total.

5 CAPITAL STRUCTURE

The company should have a capital structure that is adequate given the strategy and the financial situation. Shareholders should have the right to approve the authorization of shares of common stock and the issuance of shares for corporate purposes in order to ensure that such actions serve a valid purpose and are consistent with shareholder interests. Share issues or authorisations with the purpose of discriminating shareholders over voting rights or facilitating take-over defences will in general not be supported.

NBIM will in general support the board's proposals on the capitalisation of the company, including share issues, dividends and buy-backs, share issues necessary to carry out a restructuring or acquisition, or provide sufficient number of shares for an employee savings plan, stock option or executive compensation plan, provided the measure balances corporate needs for flexibility against reasonable shareholder control and the equitable treatment of shareholders.

When the issue, either individually or when aggregated with issues from other planned activities, substantially dilutes the existing equity, NBIM will vote against.

NBIM will oppose increases where the shares will be used to implement a poison pill or another form of anti-takeover device, e.g. when management is asking for authorization to issue common or preferred stock with no reason stated ("blank check").

6 EXECUTIVE COMPENSATION

Executive management compensation must be appropriate to attract, retain and give incentive to perform in line with shareholders' interests. NBM will support well-designed compensation plans that can be effective in aligning management with shareholder interest, provided it adheres to best practice in the local market, and are not unnecessarily costly. Executive compensation should be reasonable by prevailing industry standards and be appropriate to the company's size and complexity. NBIM opposes plans that could result in excessive dilution to other shareholders.

NBIM supports "pay for performance". NBIM will assess the performance objectives established by compensation committees. NBIM supports the concept of equity -related remuneration as a way to align employee and shareholders interests.

NBIM votes against 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 reprising, as well as evergreen plans.

NBIM will not support proposals when sufficient information on whether the plan will reward superior future performance is lacking.

7 SOCIAL AND ENVIRONMENTAL ISSUES

As a long-term, diversified investor NBIM believes that companies must operate in a way that is sustainable in an economic, social and environmental way. NBIM refers here to the UN Global Compact and OECD guidelines for multinational companies and corporate governance. As a general rule, non-financial considerations cannot take precedence over long-term financial considerations related to the value of the portfolio. However, NBIM will support shareholder proposals on social and environmental issues when we see such non-financial considerations influencing the long-term value and sustainability of the fund.

NBIM will generally vote against shareholder proposals that are requiring the company to use corporate resources to further a particular social or environmental objective outside the business of the company, to adhere to some list of goals or principles, or to make special reports on various activities, if NBIM sees no value for shareholders in the long term of these proposals.

In order to avoid unduly burdening any company with reporting requirements, NBIM's policy is to vote against shareholder proposals that demand disclosure or reporting additional to what is demanded by local law and regulation, unless it appears there is a legitimate issue and the company has not adequately addressed shareholders' concerns.

Transparency and reporting

NBIM will generally support shareholder resolutions seeking reasonable disclosure of the social and environmental impact of a company's policies, operations or products. We believe a company's management and directors have the responsibility to determine the strategic impact of social and environmental issues, and that they should disclose to shareholders how they are dealing with these issues.

NBIM will not support a proposal in those cases where preparing and publishing a report in the manner described in the proposal would not be the most efficient use of shareholder funds, an efficient way of addressing the problem, or when the current level of disclosure is satisfactory.

Human Rights and Labour standards

Companies should respect human rights and ensure that internationally accepted norms regarding work place standards apply to their operations. NBIM also believes that

companies should request suppliers and vendors within their sphere of influence to comply with these standards.

NBIM will consider supporting proposals that request the adoption or implementation of a code of conduct based on human rights and international labour standards, by its suppliers and within own production facilities, as well as third party monitoring. The potential impact of these issues on the company, as well as the size, sector and geography of the company are important factors in the evaluation of the proposal. NBIM will also base its evaluation on whether the management has already taken practical and policy-related steps towards addressing issues related to human rights or already adopted and implemented a human rights policy.

Political Contributions

NBIM will support proposals that request the company to report on political contributions when the current public disclosure is not considered sufficient and such disclosure will benefit shareholders.

Discrimination and Equal Treatment

Companies should have policies in place that prevent all forms of workplace discrimination. NBIM will support 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.

Climate change and disclosure

NBIM will generally support proposals that request the company to report on their release of climate change relevant gases and mitigation strategies connected to these when the current public disclosure is not considered sufficient and such disclosure will benefit shareholders.

Climate change and business strategy

NBIM will review and analyse such proposals on a case-by-case basis. NBIM will only consider supporting proposals that request the company to enhance or further develop already existing business strategies, where these are deemed to benefit shareholders.

Specific environmental impact assessments

NBIM will review and analyse such proposals on a case-by-case basis. NBIM will support proposals that request the company to produce environmental impact assessments of specific projects when the current disclosure is not considered sufficient and such disclosure will benefit shareholders.

8 OTHER

NBIM will generally support routine matters like receiving financial statement and other reports from the board, approval of dividends, discharge of management and supervisory board. NBIM may however vote against any of these items if discrepancies are proven.

Shareholders should have the right to vote annually on the ratification of auditors. NBIM supports in general re-election of auditors and statutory auditors, unless serious concerns about the accounts presented or the audit procedures used, the auditors are being changed without explanation, non-audit fees are excessive, where the firm has been involved in conflict of interest or fraudulent activities in connection with the company's audit, or where the auditors' independence is questionable.

NBIM supports the allocation of income unless the payout ratio seems to low or is excessive given the company's financial position.

In general, NBIM will vote in favour of increased transparency and availability of timely information. NBIM votes against proposals on increased reporting where the subject matter is found to deviate from the company's core line of business and/or where preparing and publishing a report in the manner described in the proposal would not be the most efficient use of shareholder funds.