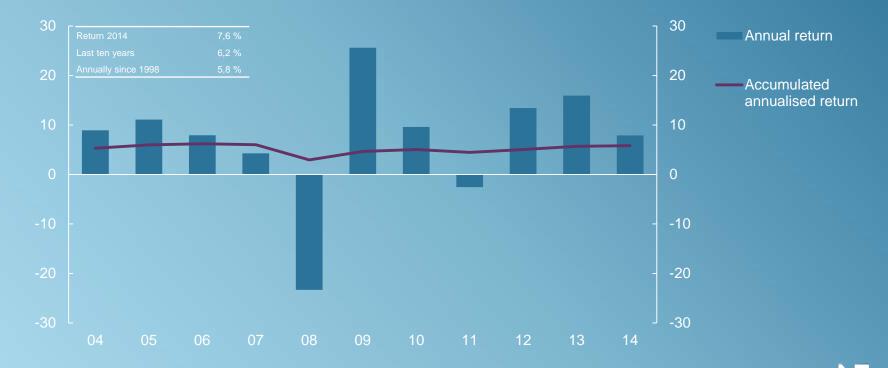


THE MANAGEMENT OF THE GOVERNMENT PENSION FUND GLOBAL 2014

HEARING BEFORE THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS OF THE STORTING, 4 MAY 2015. YNGVE SLYNGSTAD, CHIEF EXECUTIVE OFFICER

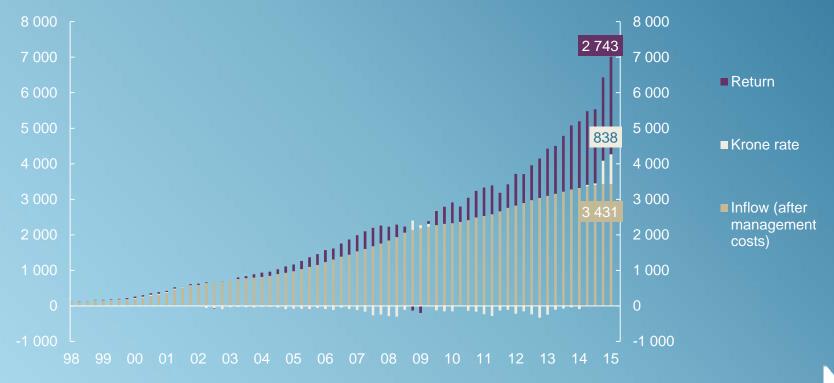


Annual return



Accumulated change in market value

As at 31.3.2015. Billions of kroner



Management objectives

OBJECTIVE

HIGH LONG-TERM RETURN

SUBJECT TO

- Acceptable risk
- Responsible investment
- Efficient organisation
- Transparent

Three pillars of responsible investment



- International standards
- Our expectations and principles
- Research into responsible investment



- Voting
- Interaction with companies
- Engaging with boards



Monitoring risk

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- Industry initiatives
- Focus areas
- Environmentrelated mandates
- Risk-based divestments

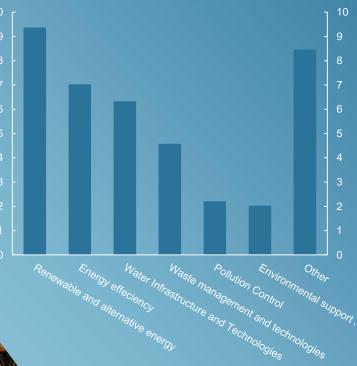
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STANDARD

Environment-related mandates

Investments in environment-related mandates Grouped by sector based on FTSE environmental classification. Billion NOK



Divestments and company exclusions As at 31.12.2014

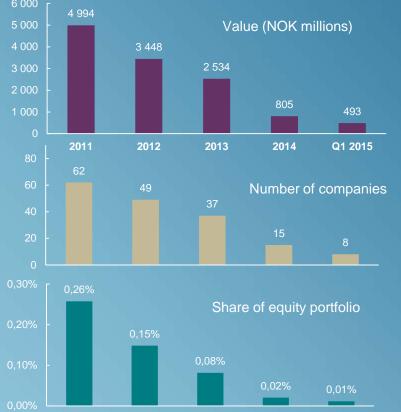


Risk based divestments



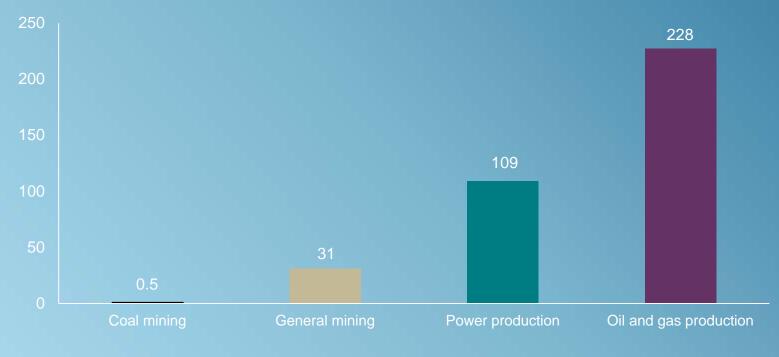
Fund holdings in coal mining

- Divestment from coal mining companies focused on energy coal
- Divestment may for some companies take time to implement
- Still exposed to companies focused on metallurgical coal for steel production



Source: NBIM. FTSE/ICB sektor classification

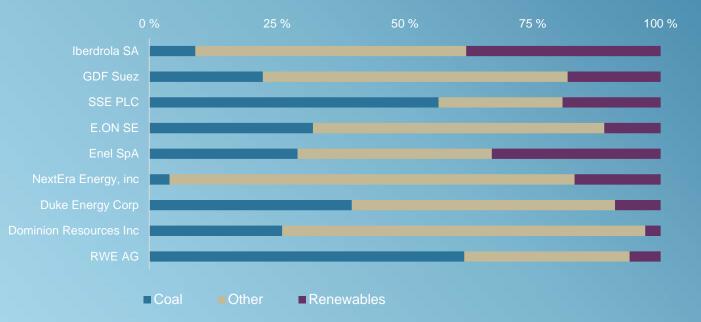
Fund holdings in selected sectors NOK billions. Equity portfolio as at 31.3.2015



Source: Norges Bank Investment Management, FTSE/ICB sector classification. Power production includes conventional electricity and multiutilities. Oil and gas production includes Exploration and production and Integrated

Electricity generation

Fuel mix. Top ten electricity generation companies in the equity portfolio



Source: Company reports for reporting year 2013. «Renewables» includes among other wind, solar, geothermal and wind power. «Other» includes among other nuclear and oil and gas based power generation

Letter to general mining companies

Date: 04.02.2015

Dear Sir,

The mining sector and climate change

Norges, Bank Investment Management (NBIM) is responsible for investing the assets of the Norwegian Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. We are a long-term investor and climate outcomes may affect company and portfolio returns over time.

The scientific basis for climate change is now widely accepted. The economic impacts of climate change on specific markets and regions are complex,

NBIM has long established climate change risk management expectations directed at comparies in our partfolio. We believe that boards should recognise the necessity of integrating climate change related challenges and opportunities in investment planning and risk management, and ensure that responsibility is clearly defined within the organisation.

Increasingly shareholders seek information about how companies incorporate potential physical or regulatory cimate impacts and climate section analysis in investment planning and execution. We believe the identification of future scenarios for climate regulation, eardon prizing, and environmental constituents is a useful tool to support strategic decision-making for companies and to stress-test the sustainability of operations under different market environments.

Traditional corporate reporting somernions do not adequately address company decision making with regard to simule change rais mitigation strategies. Long term investors, including NBM, now require a clear outline of what climate change scenarios the board is avoring with and the assessments is it making. We assist reporting that demonstrates the Company's approach to managing the business towards a less emission-intensive energy system.

- Approach to managing the business towards a less emission-intensive energy system
- Identify costs of separating the mining of coal from other mining operations
- Timeline for any such separation
- Research and development in lowemission technologies or processes

Additional real estate investments in 2014 Examples



Bank of America Merrill Lynch Financial Centre, London. Foto: GIC



"Lenbach Gärten", München. Foto: AM Alpha GmbH



Foto: Boston Properties



Foundry Square II, San Francisco. Foto: Eastdil Secured

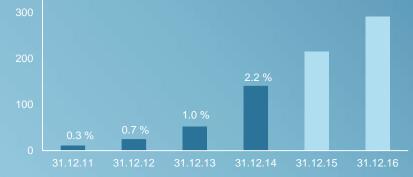


Atlantic Wharf, Boston. Foto: Anton Grassl/Esto



01 Lexington Avenue IY. Foto: Boston Properties

Real estate investments' net asset value per year end NOK billions and percent of fund 2011 - 2014 Projection for 2015 and 2016





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