

(Unofficial English translation)

To the Ministry of Finance

Oslo, May 24, 2006

Recommendation on suspension of exclusion of KerrMcGee Corporation (“KerrMcGee”).

1 Background

The Council on Ethics for the Government Petroleum Fund, now the Government Pension Fund – Global, (“the Council”), submitted a recommendation to the Ministry of Finance on May 12, 2005, on the exclusion of KerrMcGee from the Fund’s investment universe.

The company was, through its subsidiary KerrMcGee de Maroc Ltd, involved in exploration and survey activities for mapping of oil and gas resources on the continental shelf off Western Sahara. For reasons detailed in the recommendation on exclusion, the Council considered these activities to be in breach of the Fund’s ethical guidelines’ point 4.4, “*other particularly serious violations of fundamental ethical norms*”.¹

The Ministry of Finance decided to follow the Council’s recommendation and instructed Norges Bank on April 29, 2005 to exclude the KerrMcGee from the Fund’s investment universe. The Fund’s holdings in the company were sold and the Ministry of Finance published its decision on June 6, 2005.²

On May 3, 2006, the Council wrote to KerrMcGee to enquire whether the company’s activities on the continental shelf off Western Sahara were terminated.

In a letter dated May 10, 2006, KerrMcGee confirmed that the company has ceased its activities in the Boujdour field and that the licence to conduct explorations had expired in April 2006.

2 The Council’s assessment

Point 4.6 of the Fund’s ethical guidelines state the following:

“The Council shall review on a regular basis whether the reasons for exclusion still apply and may against the background of new information recommend that the Ministry of Finance revoke a decision to exclude a company.”

Based on the new information that has been received by the Council, the activities that formed the basis for the Council’s recommendation to exclude the company have now ended. The

¹ The recommendation to exclude KerrMcGee is dated April 12, 2005:

<http://odin.dep.no/etikkadet/english/documents/099001-230017/dok-bn.html>

² Press release from the Ministry of Finance, June 6, 2005:

http://odin.dep.no/fin/english/topics/pension_fund/p10002777/pressreleases/006071-070639/dok-bn.html

Council therefore finds that the basis for exclusion of KerrMcGee from the investment universe of the Government Pension Fund – Global no longer exist.

3 The Council's recommendation

The Council on Ethics recommends that the Ministry of Finance annuls its decision to exclude the company KerrMcGee from the investment universe of the Government Pension Fund – Global. This recommendation is founded on point 4.6 of the Fund's ethical guidelines, which warrants recommendation to revoke decision of exclusion when the reason for the exclusion no longer applies.

This recommendation is submitted on May 24, 2006, by the Council on Ethics for the Government Pension fund – Global.

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(Chair) (sign.) (sign.) (sign.) (sign.)