



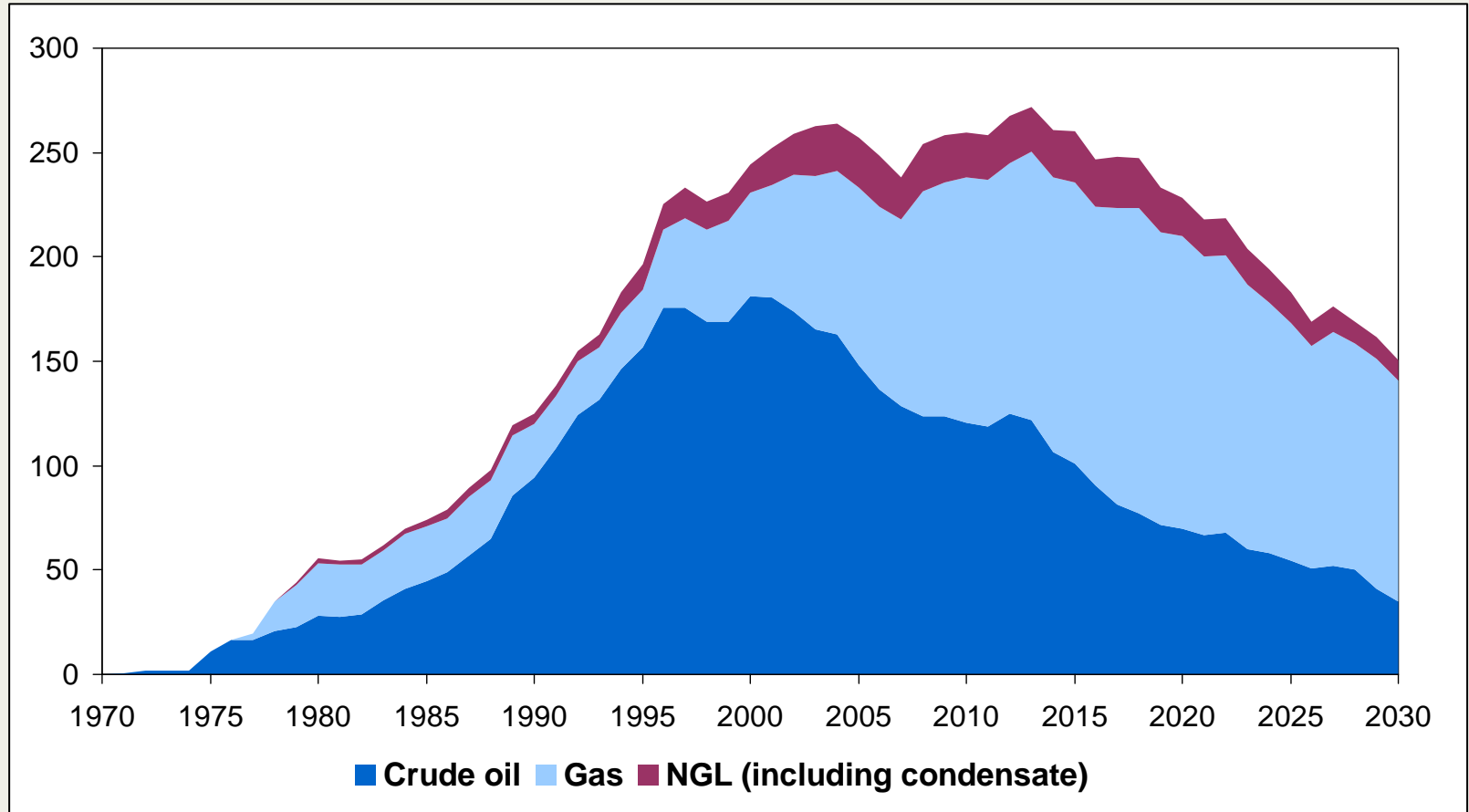
FINANSDEPARTEMENTET

Pensions, Profits and Principles: Towards a Sustainable Financial System

Roger Schjerva
State Secretary, Ministry of Finance, Norway

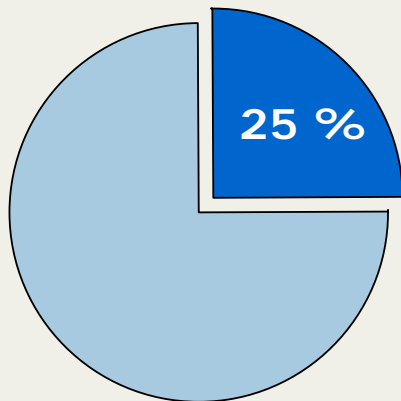
Oil and gas extraction in Norway

-Total petroleum production in Norway, mill. Sm³ o.e.

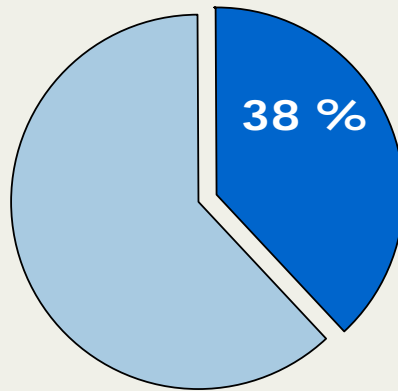


Source: Norwegian Petroleum Directorate

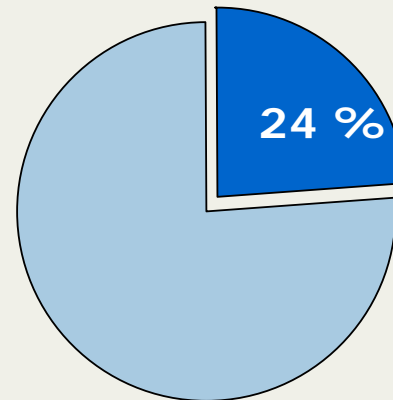
The petroleum sector in relation to the Norwegian economy



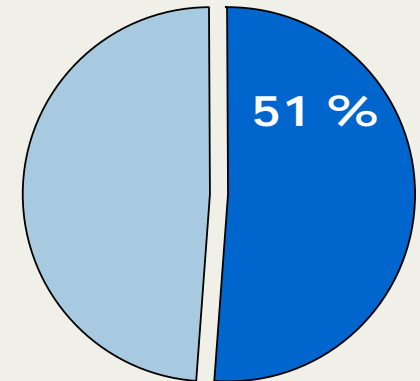
The petroleum sector's share of GDP



The petroleum sector's share of state revenues



The petroleum sector's share of total investments

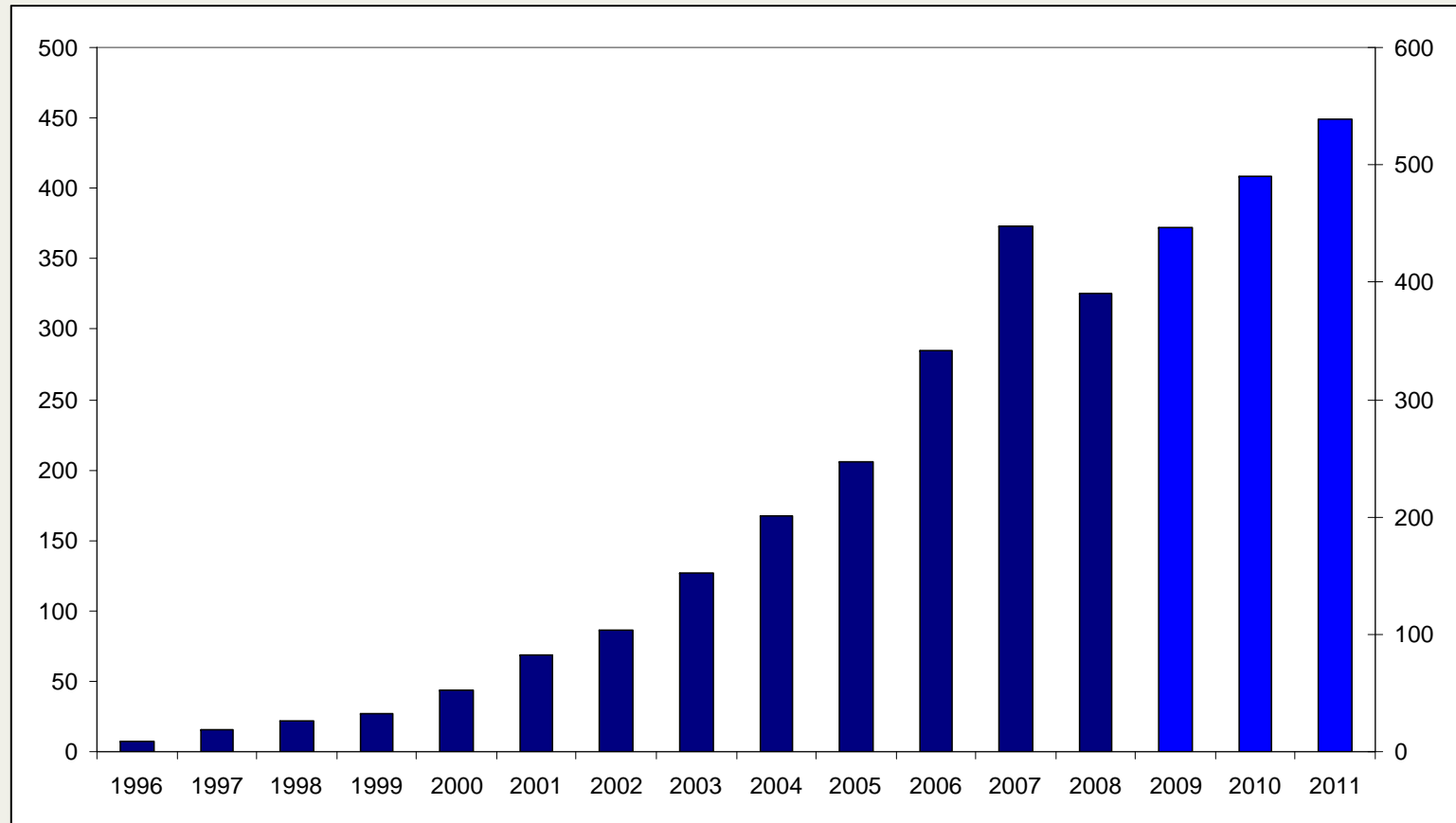


The petroleum sector's share of total exports

Source: Statistics Norway, Ministry of Finance

Norwegian Pension Fund is among the largest (and fastest growing) funds in the world

-The Fund's market value 1996–2011. Billion USD, year end.



Source: Ministry of Finance, RNB09

The main features of the Norwegian Pension Fund

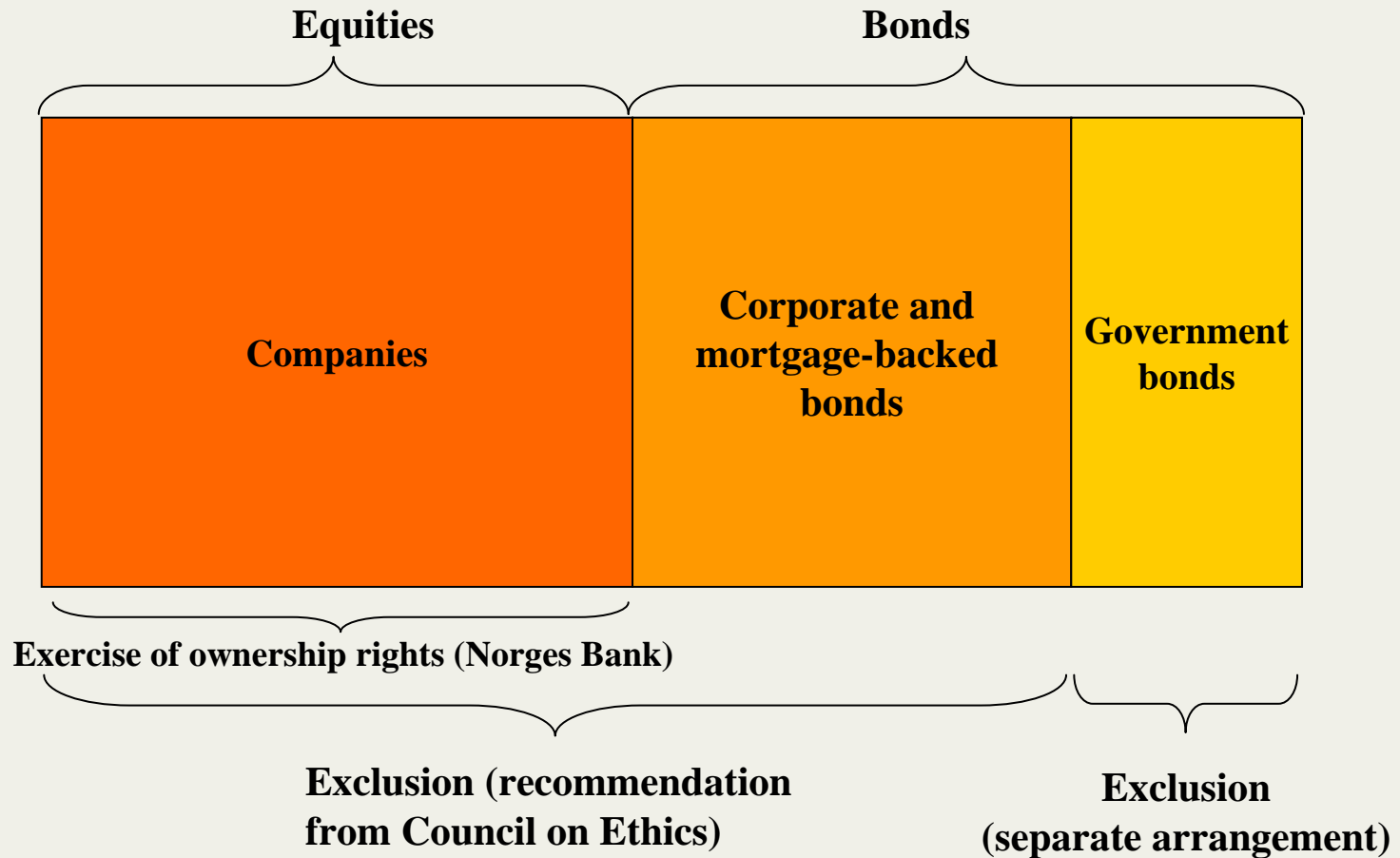
The Fund has a

- high risk-bearing capacity
- very long investment horizon, and
- broad ownership in almost 8000 companies worldwide.

We own a share of the entire economy and have a self interest in reducing unsustainable corporate practices



Ethical guidelines apply to all Fund investments



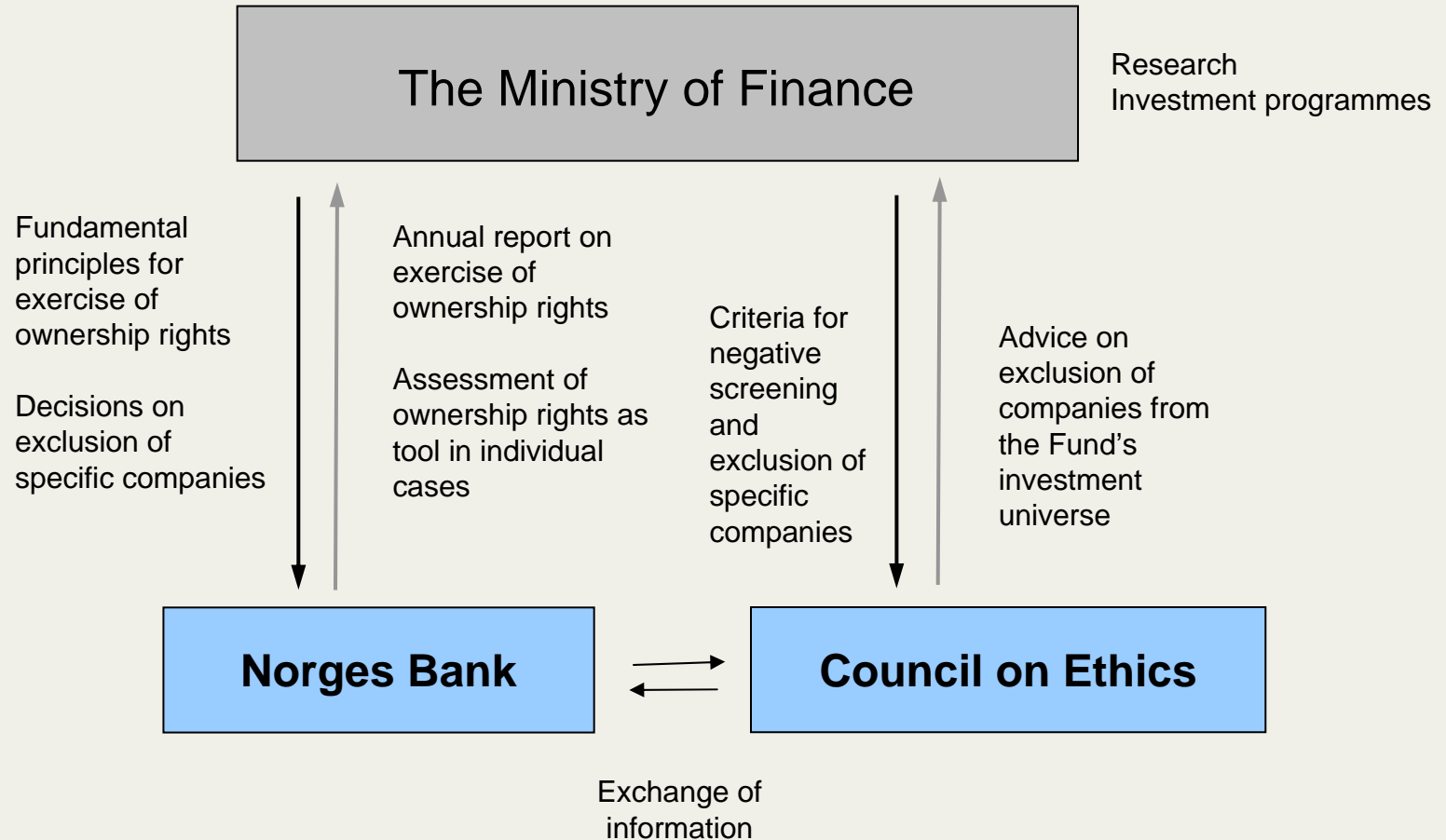
Responsible investment – overarching goal

Ensure sound financial returns so that future generations will benefit from the petroleum wealth.

Sound financial return over time is contingent on:

- sustainable development (economically, environmentally and socially)
- well-functioning, legitimate and efficient markets

Division of roles



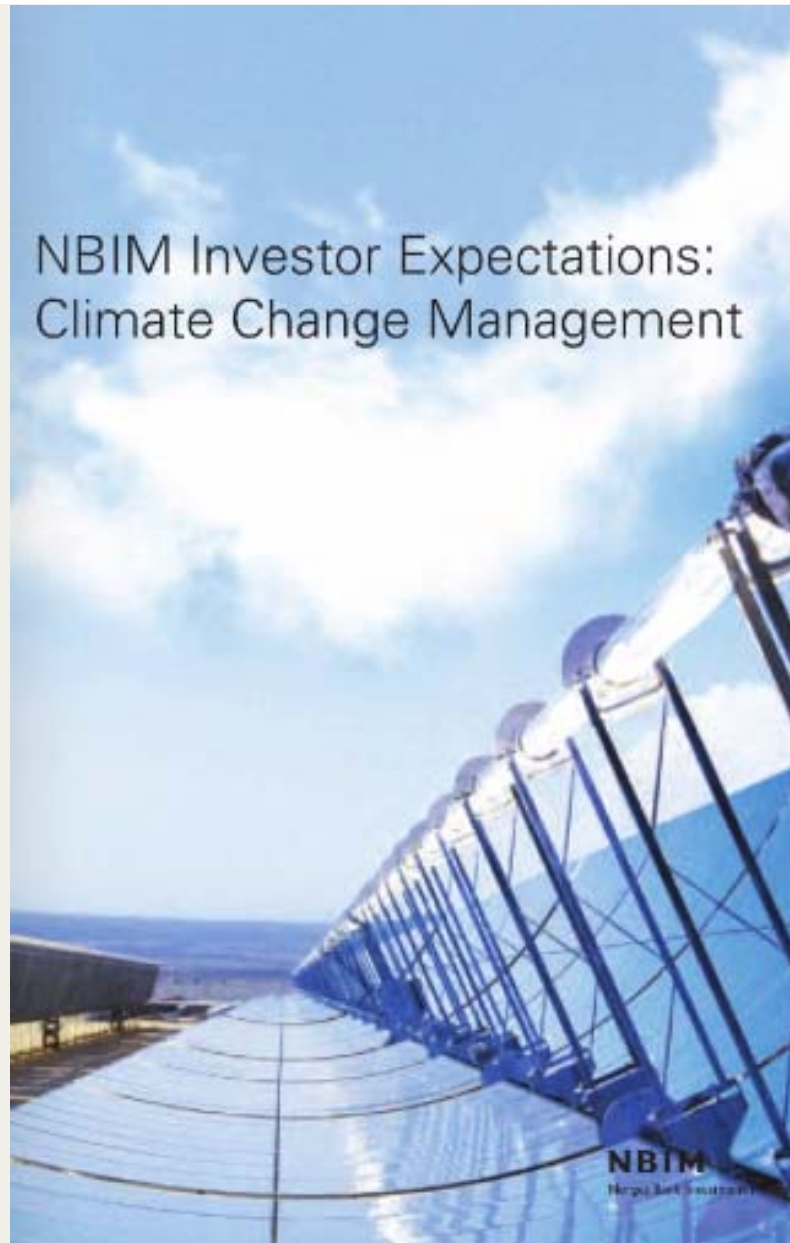
Responsible investment practices: looking ahead

- Integration of ESG-considerations more broadly in the management of the fund (PRI)
- Ownership strategies, exclusion mechanism, watch-list
- New investment programmes
 - ✓ Environmental investments
 - ✓ Investments for sustainable growth in emerging markets (under consideration)
- Participation in research
 - ✓ A broad study of the possible effects of climate change on financial markets and strategic asset allocation

Ownership strategies – objective and priorities

- The overall objective of the ownership effort is to safeguard the (long-term) financial interests of the Pension Fund
- Priority areas
 - ✓ Equal treatment of shareholders
 - ✓ Shareholder influence and board accountability
 - ✓ Well-functioning, legitimate and efficient financial markets
 - ✓ Children's rights
 - ✓ Climate change
 - ✓ Water management

NBIM Investor Expectations: Climate Change Management





Saving for a
better future