

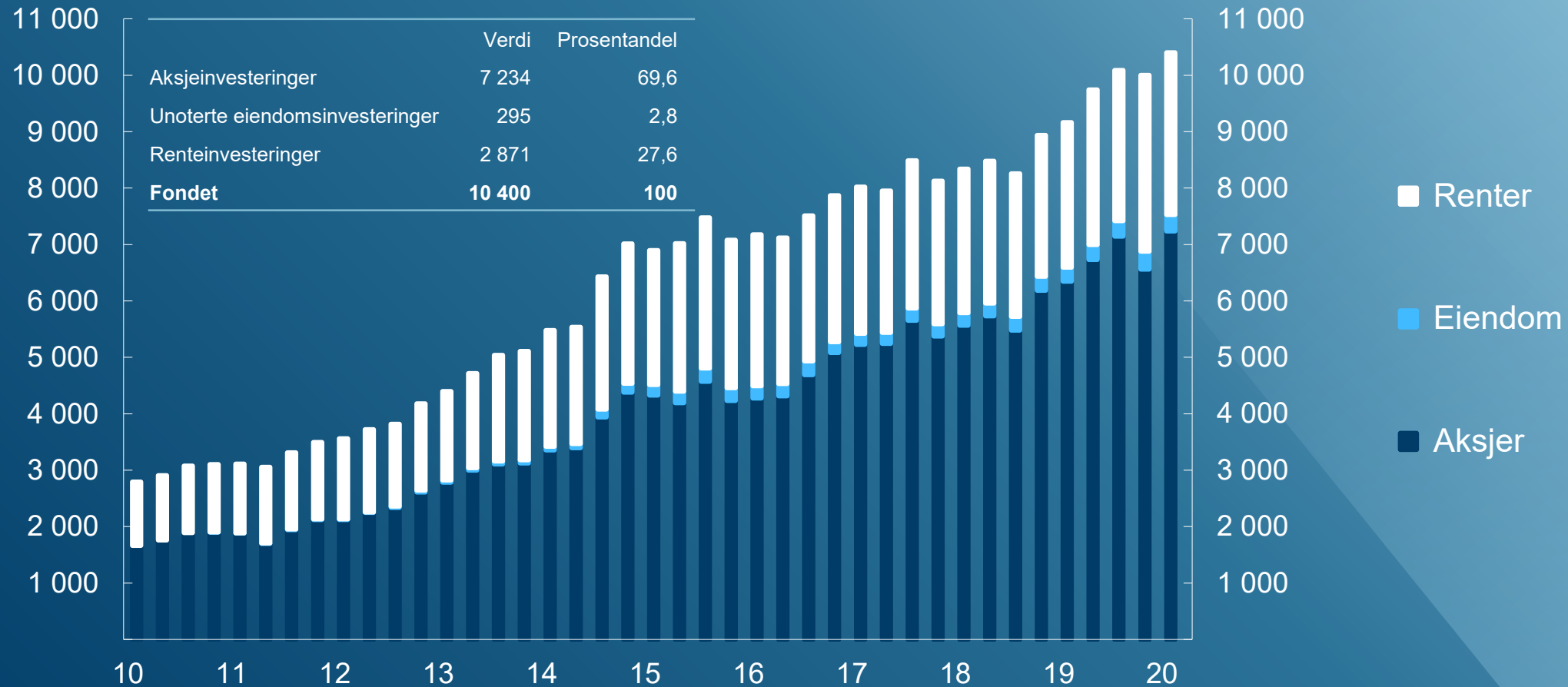
# Statens pensjonsfond utland

Halvårsrapport 2020



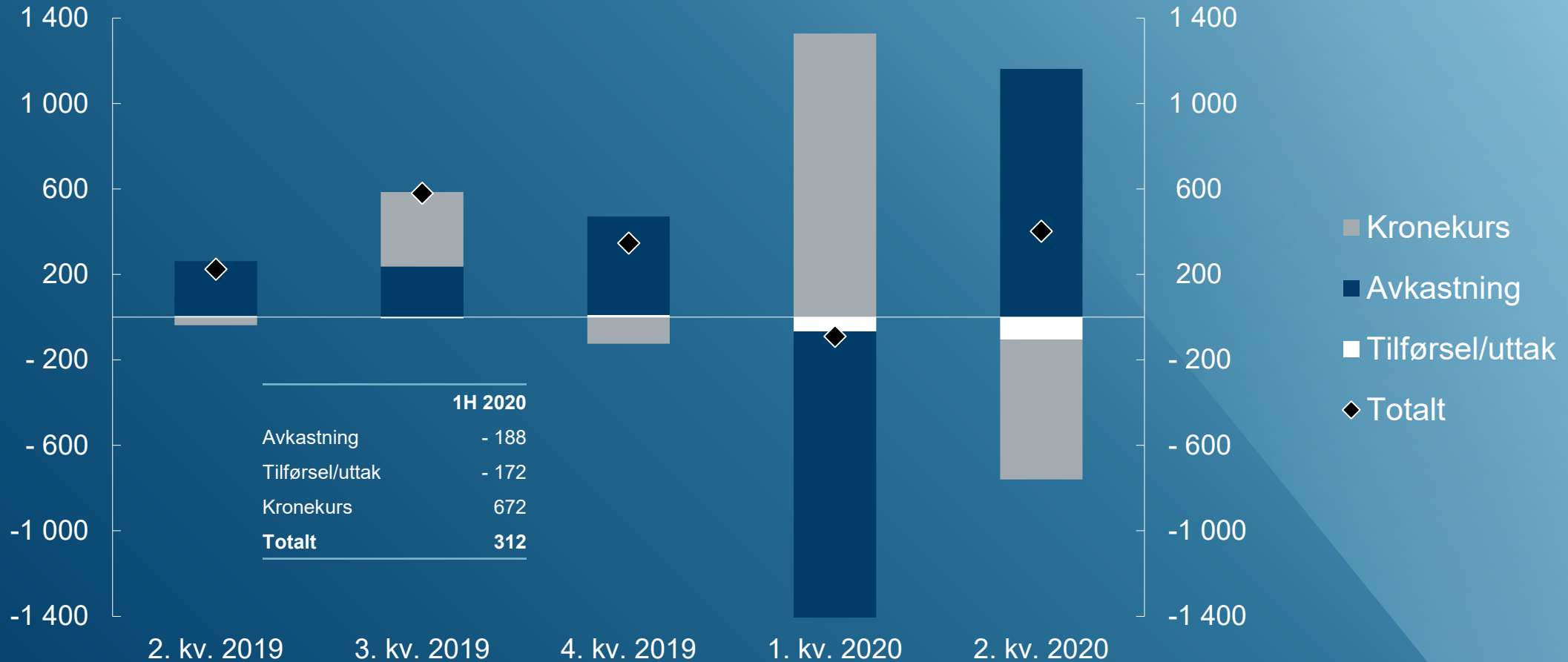
# Markedsverdi på 10 400 milliarder kroner

Milliarder kroner. Per 30.06.2020



# -188 milliarder kroner i avkastning første halvår

Milliarder kroner



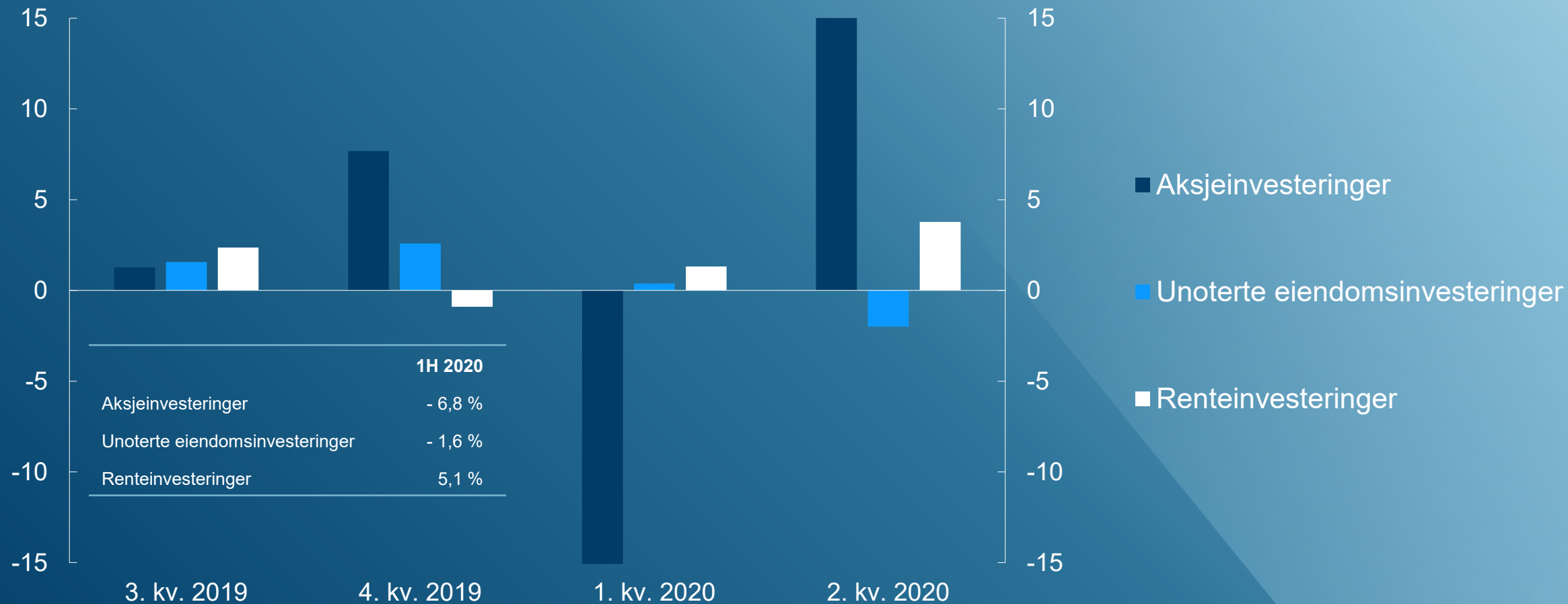
# - 3,4 prosent avkastning første halvår

Målt i fondets valutakurv. Periodeavkastning per kvartal. Prosent



# Høyest avkastning for renter

Målt i fondets valutakurv. Prosent



# - 0,11 prosent i relativ avkastning

Halvårlig avkastning i forhold til referanseindeksen. Prosentpoeng



# Verdiutvikling siden 1996

Milliarder kroner

	30.06.2020	31.12.2019
Samlet tilførsel av kapital*	3 220	3 389
Samlet avkastning	5 170	5 358
Samlet forvaltningsgodtgjøring	-51	-48
Endring som følge av svingninger i kronkursen	2 062	1 390
Fondets markedsverdi	10 400	10 088

\* Samlet tilførsel av kapital presenteres i tabellen justert for påløpt, ikke betalt, forvaltningsgodtgjøring.



# Nøkkeltall per første halvår

Målt i fondets valutakurv. Annualisert. Prosent

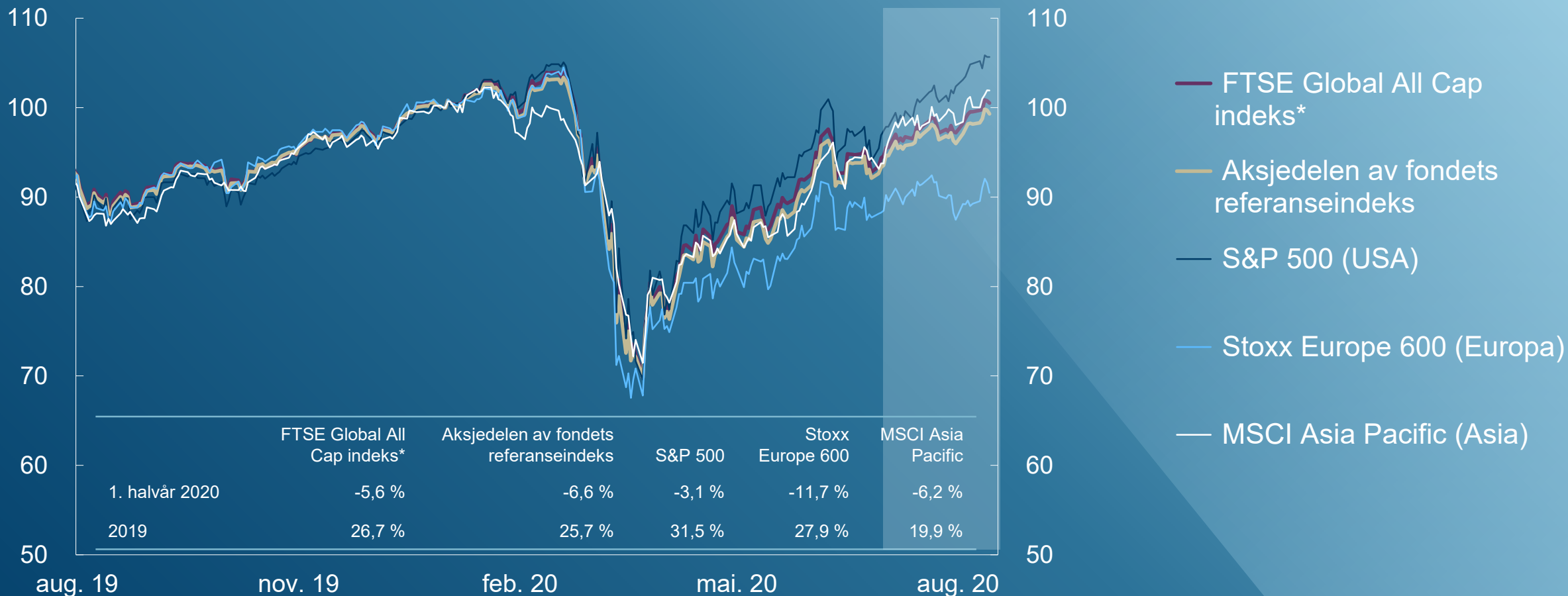
	Siden 1.1.1998	Siste 10 år
Fondets avkastning	5,79	7,64
Årlig prisvekst	1,73	1,60
Årlige forvaltningskostnader	0,08	0,06
Fondets netto realavkastning	3,90	5,88





# Aksjemarkedenes utvikling

Målt i fondets valutakurv (S&P 500 og MSCI Asia Pacific i USD, Stoxx Europe 600 i EUR). Indeksert totalavkastning (31.12.2019 = 100)

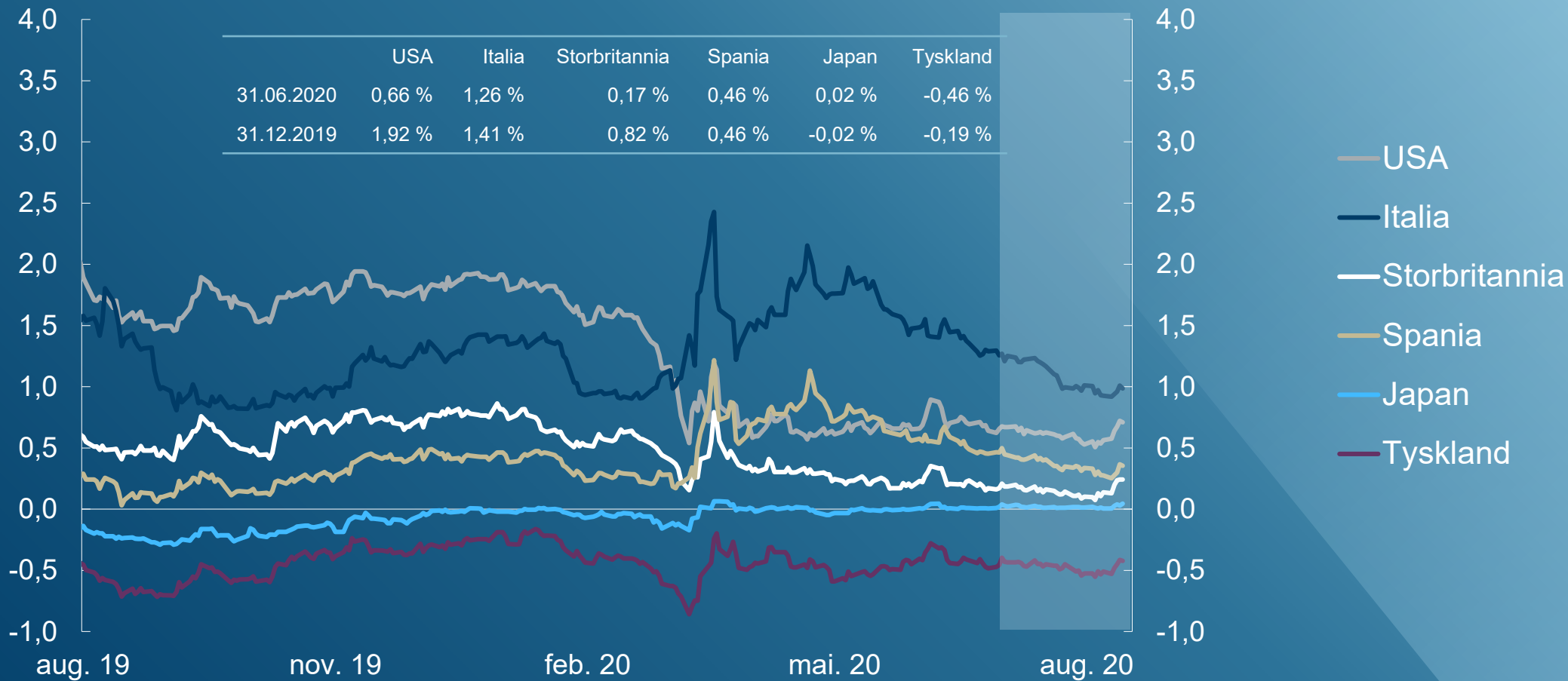


\* Eksklusive aksjer i Norge.

Kilde: Bloomberg, Norges Bank Investment Management

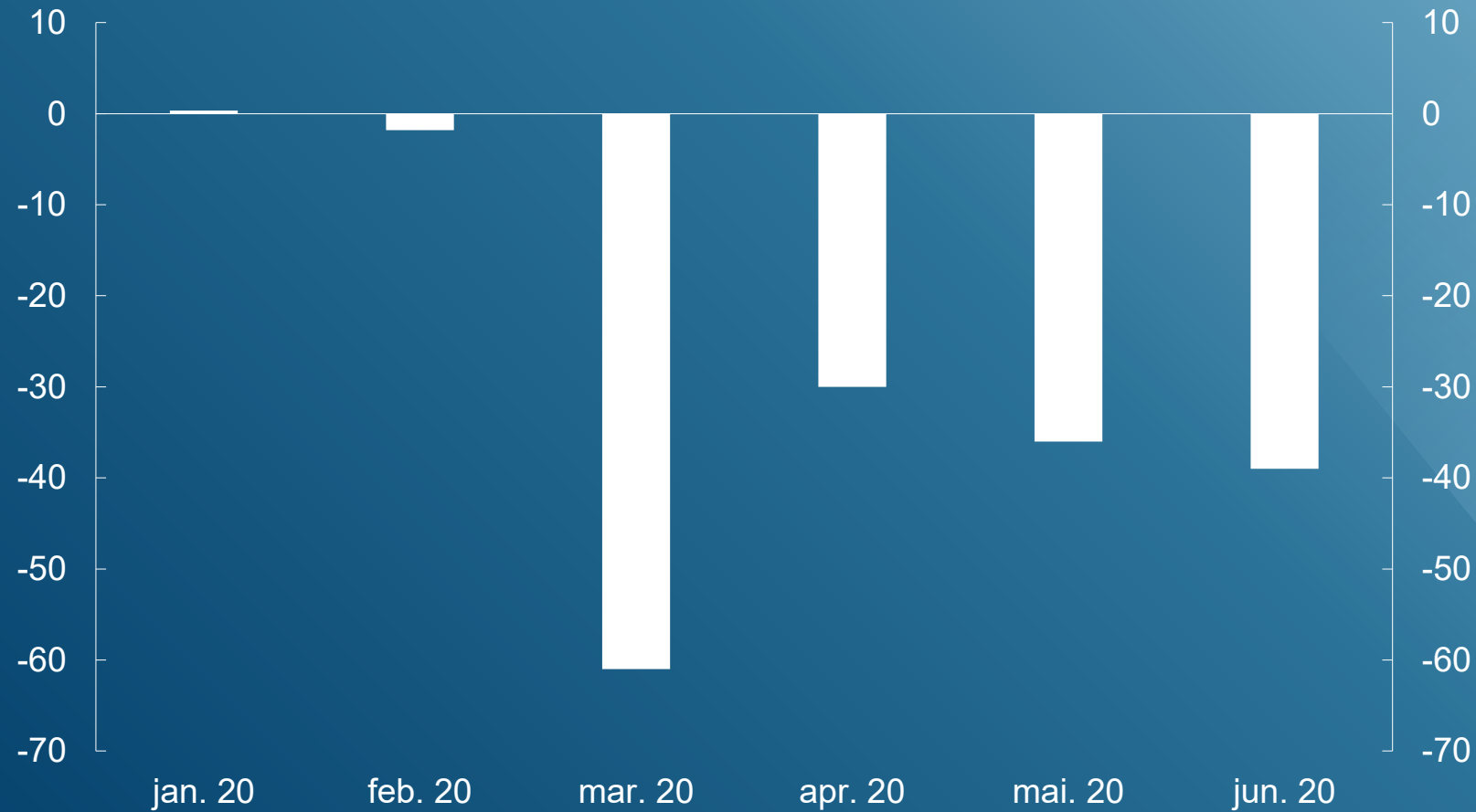
# Renteutviklingen på tiårige statsobligasjoner

## Prosent



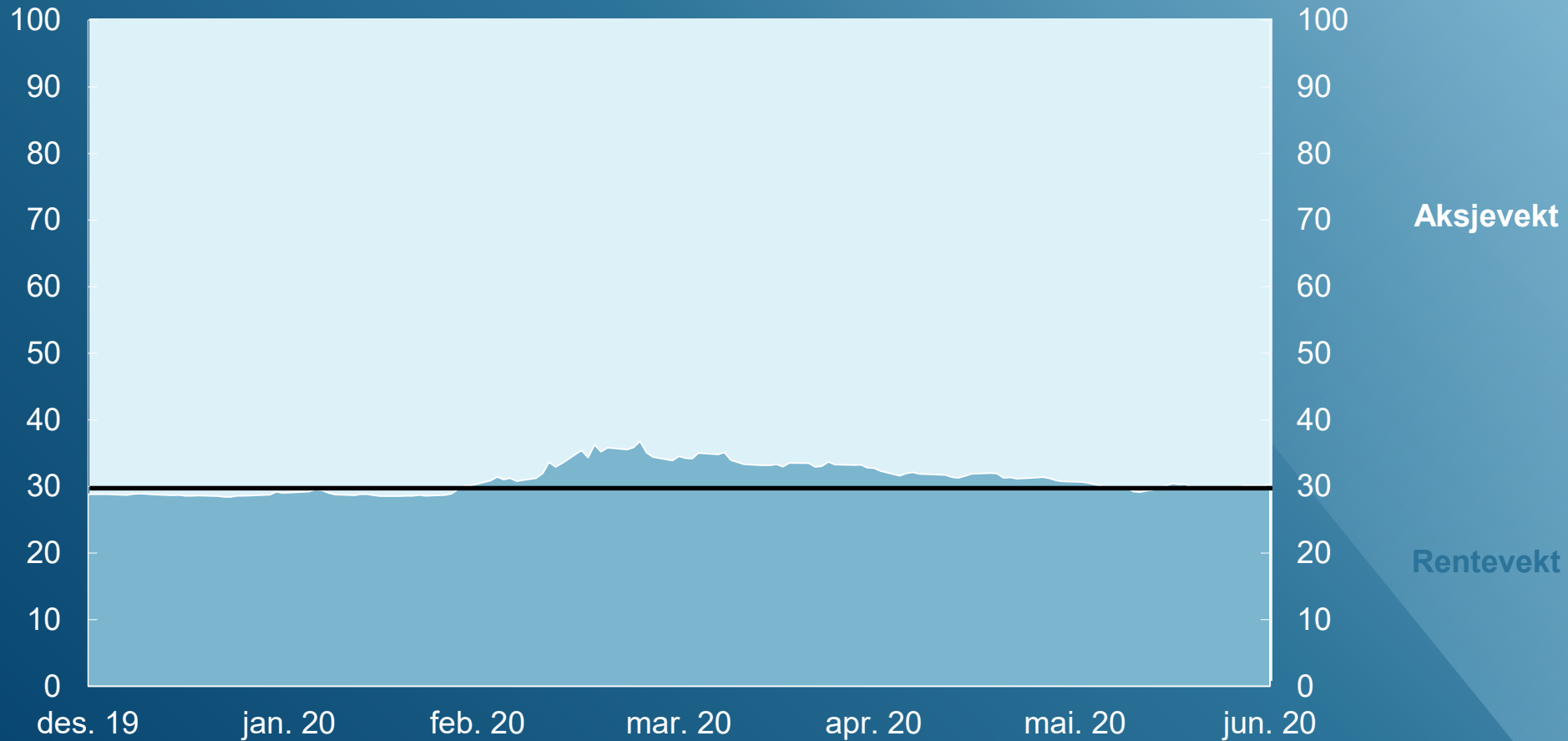
# Uttak fra fondet

Milliarder kroner. Måneder



# Sammensetning av referanseindeksen

Prosent



# Eiendomskjøp

Annonsert i første halvår 2020. Unotert eiendom

KJØP

Beliggenhet	Sektor	Kjøpesum	Andel
Otemachi Park Building, Marunouchi, Tokyo	Kontor	6,9 milliarder kroner	39,9 prosent



# Høysesong for stemmegivning

Første halvår 2020

- Vi stemte på 92 933 forslag ved 8 364 generalforsamlinger
- Vi har begynt å grunngi offentlig alle våre stemmer mot selskapenes styrer for å være enda mer åpen om vår eierrolle

# Våre synspunkt

## Første halvår 2020

**NORDESK BANK**  
INVESTMENT MANAGEMENT

### BOARD INDEPENDENCE POSITION PAPER

**NORDESK BANK INVESTMENT MANAGEMENT POSITION**

- The board should guide company strategy and monitor management performance without conflicts of interest. A majority of shareholder-elected board members should be independent of management, directors, shareholders, and business relationships. In majority-controlled companies, at least a third of board members should be independent.
- Board members that are particularly vulnerable to conflicts of interest should have additional safeguards. The board committees should have a majority of independent members, and management should not serve on the audit or remuneration committees.
- Shareholders should be able to assess how the board avoids conflicts of interest. Companies should disclose which board members or candidates they consider to be independent, and how each of them was assessed against applicable criteria for independence.

**BACKGROUND**

The board is responsible for guiding company strategy, monitoring management performance and providing accountability to shareholders. Ensuring that the board functions effectively is of fundamental importance to shareholders. This position paper considers the relevance of board independence for the overall effectiveness of the board.

Board independence is a core element of good corporate governance, as recognized by the OECD/ICGEC Principles of Corporate Governance and guidance in most national markets. At the same time, we observe that definitions of independence and thresholds for the number of independent board members vary.

**ARGUMENTS FOR THE POSITION**

To be effective, the board must be independent. The board should be able to balance competing demands on the company. A well-qualified board with a high level of independence is better equipped to guide strategy, oversee management and be accountable to shareholders.

Board independence reduces the risk of abuse of minority shareholders. Safeguards are necessary to protect investors from potential abuse by dominant shareholders or other related parties. Independent board members are in a better position to scrutinize decisions for signs of questionable treatment and request shareholder resolutions.

Shareholders need clarity on board independence. Defining independence is a frequent source of contention between listed companies and shareholders. Shareholders need to understand how the board defines its criteria for assessing a candidate's independence.

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**NORDESK BANK**  
INVESTMENT MANAGEMENT

### MULTIPLE SHARE CLASSES POSITION PAPER

**NORDESK BANK INVESTMENT MANAGEMENT POSITION**

- Shareholders with related parties may represent conflicts of interest and expose shareholders to potential abuse. Related-party transactions should be carried out on market terms and be clearly beneficial to all shareholders.
- The board is responsible for managing conflicts of interest inherent in related-party transactions to ensure that shareholders are treated fairly. Independent board members should approve transactions that are material to the company. In addition, non-conflicted shareholders should have a vote on extraordinary transactions.
- The board is responsible for providing disclosure on transactions with related parties. The board should disclose what constitutes a material transaction, especially if the jurisdiction does not define materiality, and what makes a transaction extraordinary, including the size of the transaction relative to the company's assets.

**BACKGROUND**

Multiple class share structures provide investors in new share classes with superior voting rights, of which the board is responsible for managing. These structures are most common with funders taking their company public, allowing them to maintain control while raising equity capital. This position paper considers the effect of multiple classes of common shares on effective governance and the protection of investors' rights.

The divergence of voting from cash flow rights can exacerbate agency problems and may entrench management. Research has shown that use of a company's full capital stack related to agency problems tend to increase while the benefits decrease. At the same time, superior voting rights can help funders implement their long-term vision, distinct from short-term market pressures. Companies with dual class structures tend to exhibit a valuation premium at the time of listing and are associated with higher R&D expenditures.

In most cases, multiple share class structures eventually outlast the initial benefits offered by a personal investment of a founder. Asset and anti-diluting transactions, superior voting rights and other structures to protect investors, and the structure is perpetuated.

As a global investor, we observe that multiple voting rights are allowed in around half of the markets and equity provided to a third of the markets surveyed by the OECD. Recently, the stock exchanges of Hong Kong and Singapore began accepting new initial public offerings with dual share structures. With fewer companies going public, granting those voting rights to founders is considered one way to make initial public offerings more attractive.

**ARGUMENTS FOR THE POSITION**

Shareholder voting rights compensation for higher economic risk. As residual claimants, shareholders bear the ultimate economic risk. Allowing voting power with economic risk exposures is essential to all shareholders to hold the board to account, to make informed decisions, and otherwise to maximize the company's return.

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**NORDESK BANK**  
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### RELATED-PARTY TRANSACTIONS POSITION PAPER

**NORDESK BANK INVESTMENT MANAGEMENT POSITION**

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- The board is responsible for providing disclosure on transactions with related parties. The board should disclose what constitutes a material transaction, especially if the jurisdiction does not define materiality, and what makes a transaction extraordinary, including the size of the transaction relative to the company's assets.

**BACKGROUND**

The board is responsible for guiding company strategy, monitoring management performance and providing accountability to shareholders. Ensuring that corporate transactions maximize returns for all shareholders is of fundamental importance to investors. This position paper considers the importance of independent approval and proper disclosure for related-party transactions.

A related party transaction (RPT) is defined by the International Financial Reporting Standards as a transfer of resources, services or obligations between the company and a related party, which can be another entity, such as a subsidiary, or a person, such as one of the company's directors.

All markets recognize that RPTs pose risks to the equitable treatment of shareholders and require such transactions through a combination of private and public enforcement. Private enforcement typically includes an anti-repayment, ongoing disclosure and an exit remedy through a lawsuit. The EU Shareholder Rights Directive strengthened transparency requirements and shareholders' voting rights, requiring full disclosure and approval by either shareholders or the board.

**ARGUMENTS FOR THE POSITION**

RPTs can extract company value and expropriate shareholders. Controlling shareholders or insiders may sometimes be eager to engage in transactions to their own advantage, particularly in companies with concentrated ownership structures. To protect the interests of the company and its shareholders, RPTs should be carried out on market terms and at arm's length.

The board has a duty to avoid conflicts of interest. It is the role of the board to monitor that RPTs are in the interest of the company and its shareholders by having a robust process for their monitoring, approval and disclosure. For approvals to be effective, they are

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**NORDESK BANK**  
INVESTMENT MANAGEMENT

### SHAREHOLDER RIGHTS IN EQUITY ISSUANCES POSITION PAPER

**NORDESK BANK INVESTMENT MANAGEMENT POSITION**

- Existing shareholders should have the right to approve new share issuances in order to avoid significant capital dilution and prevent dilution of their ownership without their prior consent. The board should submit requests for specific share issuances or for general authority to a shareholder vote.
- Share issuances should treat all existing shareholders fairly. Existing shareholders should have the right to participate on an equal basis in raising their voting share and benefit from any potential discount, issuances without pre-emptive rights should not exceed 10 percent of the existing share capital.
- The approval for a general authority should be reasonably close in time to the intended capital allocation to allow for an informed voting decision. General authorities to issue shares should last no longer than 18 months, or until the next annual shareholder meeting.

**BACKGROUND**

Major corporate events can alter the risk profile and the nature of a company and therefore require shareholder approval in many markets. This position paper considers the structuring and approval process for new share issuances.

Raising capital to strengthen the balance sheet or grow the business is typically in the interest of long-term shareholders. However, share issuances carry a number of risks. The structuring of the issuance may lead to more favourable treatment of certain shareholder groups and can dilute the holdings of existing shareholders. Furthermore, the capital need may be deployed in a sub-optimal way.

We note that approval processes and the structuring of share issuances are determined by local exchange rules and market practice, which vary between markets. While shareholders must approve share issuances in most countries, management typically needs board approval only to issue common stock in the United States and in a few other markets. In a majority of US states, pre-emptive rights are not given to shareholders by default unless explicitly stated in the company's charter, making rights exceptions.

**ARGUMENTS FOR THE POSITION**

Shareholder approval increases focus on value creation. Management has incentives to dilute capital to satisfy a demand from shareholders' expectations. Submitting a request for a shareholder vote encourages the board to demonstrate that the issuance is beneficial to all shareholders.

Pre-emptive rights avoid unfair dilution of existing shareholders. Shareholders who do not have pre-emptive rights may dilute the investment and control rights of existing shareholders.

Limits on general corporate authority. Shareholders can restrict their ownership stake. Issuances without pre-emptive rights may dilute the investment and control rights of existing shareholders.

A shorter time horizon forces the board to consult and seek approval from shareholders more frequently. A timely approval also links the request for a share issuance more closely to the intended capital strategy.

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**NORDESK BANK**  
INVESTMENT MANAGEMENT

### Q4 2020 SHAREHOLDER PROPOSALS ON SUSTAINABILITY ASSET MANAGER PERSPECTIVE

Voting on shareholder proposals allows investors to exercise their ownership rights by holding the board accountable and steering companies in the right direction. In many markets, an increasing number of proposals focus on the environmental and social aspects of companies' activities. Emerging academic research indicates that some of these proposals may have positive financial implications for the target companies. Additionally, however, increasing number of proposals can also present challenges for investors. These proposals address many complex and distinctive issues, and there may present objectives beyond the best interests of the company.

Faced with this situation, asset managers need efficient solutions that enable them to vote in favour of relevant, value-adding initiatives, and vote against proposals that are misaligned with shareholder value. Shareholder proposals can be implemented in driving adoption of more responsible business practices at companies. We emphasize the importance of making coordinated voting, aligned decisions and receiving an meaningful dialogue focused on materiality, shared perspectives and consideration of company context. We call on them to follow the proposed mechanisms to ensure that the proposals they vote that a company is managing inadequately, and act as a tool for micro-managing company operations or drawing attention to harmful events.

Date: 02/10/2020  
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INVESTMENT MANAGEMENT

### Q3 2020 SHAREHOLDER VOTING PROCESS ASSET MANAGER PERSPECTIVE

Voting at shareholder meetings is a key component in the well-functioning of financial markets and provides important opportunities for investors to exercise their ownership rights and hold company boards accountable. For shareholder voting to have the intended effect, the process needs to be efficient.

Well-functioning markets allow for capital to be allocated efficiently across national borders. The framework for exercising shareholders' voting rights varies between markets, with significant differences in how shareholder meetings and voting processes are organized. Many markets operate with manual procedures, introducing uncertainty as to whether votes have been fully registered and counted. There has been progress for regulatory in some markets to address these challenges, but there is little international co-ordination.

We have gathered data from 44 markets to analyze the shareholder voting process and present the key findings in this paper. Our findings confirm the lack of uniform framework across markets. The markets have not fully developed voting systems or vote configurations. On this basis, we consider what should be the main features of an efficient voting process, and we call on the stakeholders, including the issuers, investors, industry participants and regulators, in providing necessary improvements.

Date: 02/10/2020  
The Asset Manager Perspective on Shareholder Voting Process is a research paper published by Norges Bank Investment Management's research and advisory team. It is intended for informational purposes only and does not constitute an offer of any financial product or service. The views expressed in this paper are those of the research and advisory team and do not necessarily reflect the views of Norges Bank Investment Management. For more information, please contact: research@norges-bank.no

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### Q1 2020 CORPORATE SUSTAINABILITY REPORTING ASSET MANAGER PERSPECTIVE

Corporate activities have an impact on the world around them in ways that may not be priced into their market value. These operations may in turn be affected by changes in their surroundings, other physical or social. These companies manage their use of natural and social resources can have a bearing on their ability to create value. As a long-term, global investor, we benefit from information on companies' exposure to sustainability risks, how these are managed, and resource performance metrics.

Corporate sustainability reporting is growing, but needs further standardization to ensure relevance and comparability. A good next step would be reporting requirements based on a core set of globally accepted, financially material and well-defined sustainability metrics. Over time, a robust standard reporting to the needs of both investors and other stakeholders is needed.

Standard reporting is also needed to ensure that companies' governance procedures are financial disclosures, with a final sign-off from the board. As a starting point, companies can look to the industry specific standards developed by SASB, and have broader social and environmental disclosures on the GRI Standards. Our public expectations of companies on selected sustainability topics provide further guidance.

Date: 03/02/2020  
The Asset Manager Perspective on Corporate Sustainability Reporting is a research paper published by Norges Bank Investment Management's research and advisory team. It is intended for informational purposes only and does not constitute an offer of any financial product or service. The views expressed in this paper are those of the research and advisory team and do not necessarily reflect the views of Norges Bank Investment Management. For more information, please contact: research@norges-bank.no

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### Q4 2020 SHAREHOLDER PROPOSALS ON SUSTAINABILITY ASSET MANAGER PERSPECTIVE

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# Observasjon og utelukkelse

## Annonsert første halvår 2020

- Utelukket 12 selskap, opphevet utelukkelse av 3 selskap og satte 4 selskap til observasjon fra Statens pensjonsfond utland i første halvår
  - **Kull:** 5 selskap utelukket, 4 selskaper til observasjon
  - **Adferdsbasert klimakriteriet:** 4 selskaper utelukket
  - **Alvorlig miljøskade:** 2 selskap utelukket
  - **Menneskerettighetsbrudd:** 1 selskap utelukket



# Hovedpunkter

- Markedsverdien av fondet økte med 312 milliarder kroner til 10 400 milliarder kroner
- Avkastningen var -3,4 prosent i første halvår 2020
- Fondets avkastning var 11 basispunkter lavere enn avkastningen på referanseindeksen
- Ved utgangen av halvåret var aktivafordelingen:
  - Aksjeinvesteringer 69,6 prosent
  - Unoterte eiendomsinvesteringer 2,8 prosent
  - Renteinvesteringer 27,6 prosent

# Statens pensjonsfond utland

Halvårsrapport 2020

Oslo, 18. august 2020

