Norway's €250bn govt fund reveals engagement results

Fund says it will also start disclosing complete shareholder voting decisions on-line.

by **Hugh Wheelan** | March 19th, 2008

Oslo

The €250bn ($366bn) Norwegian Government Pension Fund, has opened its books to show how it engages and measures results with multinationals on issues such as child labour, climate change, executive pay and governance. It stopped short, however, of naming the corporations that it has lobbied – which it had planned to do – saying companies felt public dialogue would be "different and less credible" than confidential talks.

Starting this year, Norges Bank, which manages the pension fund money, said it would also disclose all its voting activity during the previous year on the internet at the same time as its annual report.

The fund, whose boycotts of companies on issues such as links to nuclear weapon and cluster bomb production are used by many pension funds as an ethical benchmark, said it had "significantly" stepped up engagement during 2007. It contacted 93 companies on issues of concern and met the boards of directors at 30 companies on more serious problems. As a result, by the end of 2007, the fund had the equivalent of ten full-time employees working on the exercise of ownership rights, compared with six in 2006.

The fund made 2007 a priority year for engagement on child labour. Knut Kjaer, former chief executive of NBIM, said at a recent conference in Oslo that it had looked at 200 companies on the issue and contacted 50 for further discussion.

To date, it has banned three companies from investment for using children as employees, contrary to United Nations conventions. It has also published an investor guideline on child labour issues: Click here for guideline

As an example of its work on the issue, the fund described discussions with the board of one multinational – one of the world's largest in its sector – that did not previously report on the risk of child labour. Post engagement, the fund said the company was now reporting on the steps it has taken to detect and prevent child labour among its suppliers, and reporting incidents of child labour it had encountered in recent years. On climate change, the fund said it had meetings, some involving chief executives travelling to Oslo, with at least 20 company boards to discuss developments in climate legislation on the company's business.

On executive pay, the fund was contacted by a large technology company after it had voted down a pay package for senior management. Following the discussions, the company revised its executive pay and benefits package to link them more closely to the company's performance. The fund said other multinationals had made similar, post-engagement revisions on the duration of election for board directors.

The Norwegian government is currently reviewing the fund's ethical policy and will publish its findings this summer.

Not a member? Register here »

Page 1 of 1

About Responsible Investor

Responsible Investor is published by Response Global Media Limited; an independent UK publishing company. Please see About for further information or Contact us with any questions.

Contacts

Editorial: Hugh Wheelan, T +33 (1) 4933 0848
M +33 (0) 6 7362 4873, hugh@responsible-investor.com

Commercial: Tony Hay, T +44 (0) 20 8682 3638
M +44 (0) 7887 683025, tony@responsible-investor.com

Response Global Media Limited

Correspondence: 30 Spalding Road, London SW17 9BW

Registered Office: 4th Floor, Tuition House, 27/37 St George's Road, Wimbledon, London SW19 4EU, United Kingdom. Company No: 6123092