

Rainforest Foundation Norway
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Your ref.:
Our ref.:

Environmental, social and governance information

Thank you for meeting NBIM on several occasions over the past years to discuss tropical deforestation in Malaysia and Indonesia, with particular emphasis on palm oil. At our most recent meeting on the 22nd of November we discussed with The Munden Project and the Rainforest Foundation Norway ways in which your insight on tropical deforestation could be arranged into structured data.

The Government Pension Fund Global (the "Fund") has through its investments global exposure. NBIM regularly receives information and assessments which highlight environmental, social and governance risks from academic researchers, think-tanks, NGOs or other stakeholders relating to companies in which the Fund invests. This is interesting input in the management of the Fund, however it is often provided in a format which is not sufficient for research purposes or for being integrated in the investment process in a consistent or scalable way.

Objective information related to environmental, social and governance issues should be made available based on a transparent methodology, in a structured manner and be consistent over time. NBIM sees value in external research that investigates any causality between environmental, social and governance risk factors, and economic growth and company profitability. Through structured, scalable and objective information the Rainforest Foundation Norway can contribute to close this evidence-based research gap. We would welcome research on such topics, where both research and information could be integrated in our investment process in a scalable way. We expect other long-term investors to share this perspective.

Progress is dependent on the availability of relevant and reliable data which reflects actual issues and potential risks. The information needs to be supplied by experts such as the Rainforest Foundation Norway, and others. We have discussed tropical deforestation, water related issues, human rights concerns and challenges related to land rights with a number of respected stakeholders including Columbia University, the World Resources Institute and The Munden Project. Those stakeholders have expressed an interest in strengthening environmental, social and governance datasets to support the development and use of

structured data. We have also raised the need for such information with service providers to the financial sector, such as FTSE, MSCI and FactSet.

We expect a market for solutions in this area to develop. Such a market should offer revenues to providers and in turn support product development. We believe the Rainforest Foundation Norway could contribute a range of information including:

- **Geographic level** – deforestation issues may arise in specific areas. Systematic reporting of relevant metrics at a local level could be overlaid with a company's operational footprint in the risk monitoring.
- **Sector level** – sector specific information with clear distinction between issues related to for instance agriculture, mining, pulp and paper and would highlight deforestation trends and the drivers of these trends.
- **Company and mills, plantation level** – companies have operations across many locations and sites and may face a range of challenges. To capture this requires a high level of granularity and local issues to be measured in a systematic way.

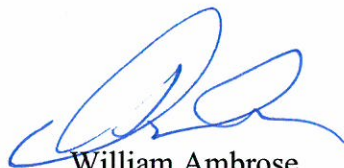
We recognize that the suggested framework will require a long-term effort. This should include constructive collaboration on methodology and processes with numerous stakeholders with a range of expertise. This should ensure specialization in the collection and providing of data, while others can develop a methodological framework to ensure standardization and comparability. NBIM will work to develop similar solutions for other environmental, social or governance issues.

We look forward to discussing this framework with you further in due course.

Sincerely yours,



Jan Thomsen
Chief Risk Officer



William Ambrose
Global Head of Business Risk