



Presentation from
**2016 World Water
Week in Stockholm**

www.worldwaterweek.org

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NORGES BANK
INVESTMENT MANAGEMENT

WATER MANAGEMENT

GOVERNMENT PENSION FUND GLOBAL

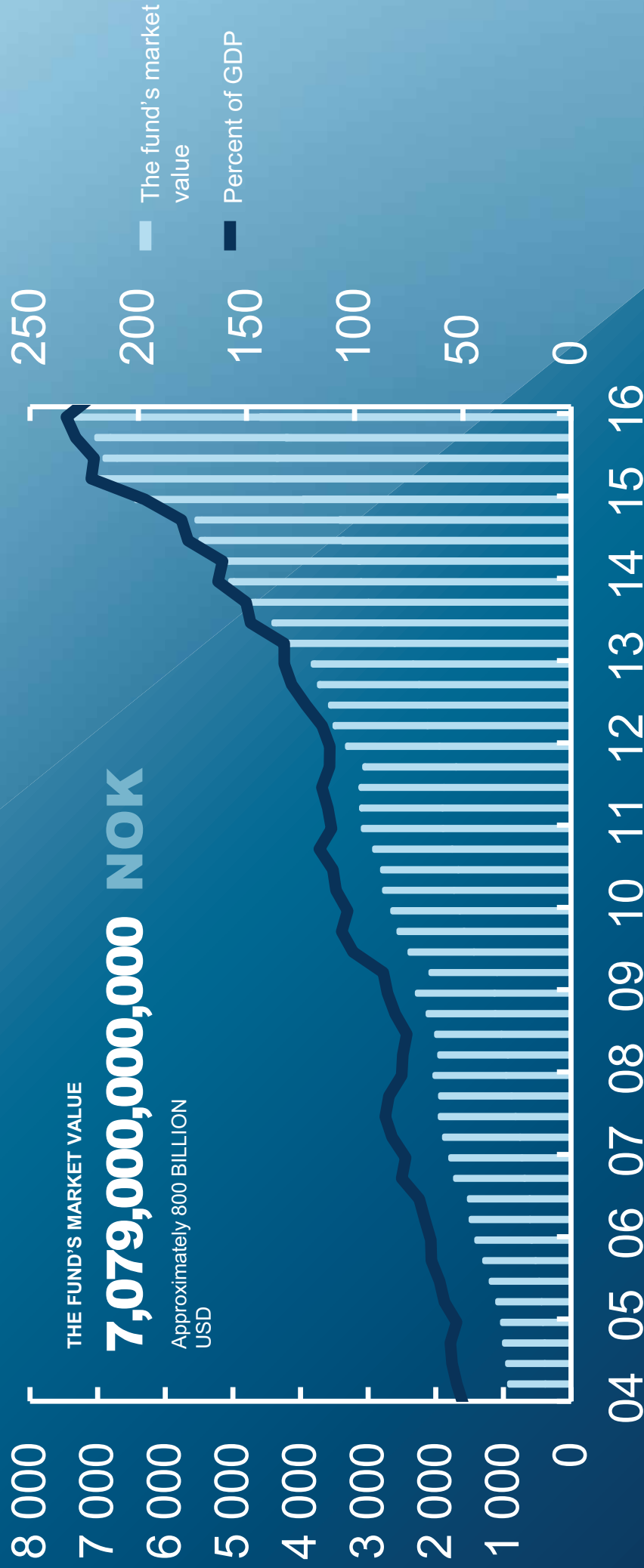
NORGES BANK INVESTMENT MANAGEMENT

ISABELLE THOMPSEN, CFA

23/08/2016

A LARGE FUND

Billions of kroner (left). Percent of Norwegian GDP (right)



As at 31.03.2016. Source: Statistics Norway and Norges Bank Investment Management
The value of GDP for 1Q.2016 is an estimate

ASSET ALLOCATION

STRATEGIC ALLOCATION

**60 %
EQUITY**

**35-40 %
FIXED INCOME**

**0-5 %
REAL ESTATE**



NBIM IS A GLOBAL INVESTOR

78 countries and 51 currencies

38% EUROPE

40% NORTH AMERICA

**18% ASIA AND
OCEANIA**

**4 % REST OF THE
WORLD**



As at 31.12.2015

THREE PILLARS OF RESPONSIBLE INVESTMENT

STANDARD SETTING



- International standards
- Our expectations and principles
- Research into responsible investment

COMPANY DIALOGUE



- Voting
- Interaction with companies
- Engaging with boards

SUSTAINABILITY ANALYSIS



- Monitoring risk
- Industry initiatives
- Focus areas
- Environment-related mandates
- Risk-based divestments

WATER MANAGEMENT

For asset managers, risks associated with water stress obviously is of concern, insights from a broad range of disciplines will be needed to manage such risks.

- Constrained resource
- Increased policy focus
- Macroeconomics implications
- Concept of “Universal Owner”
- Understand risks, Understand opportunities



Water management activities over time

- 2009** Expectation document
- 2009** Lead sponsor of CDP Water
- 2009** Establishment of environment-related mandates
- 2010** Assessments of water reporting
- 2013** First water related divestments
- 2014** Research and analysis projects
- 2016** Research and analysis projects



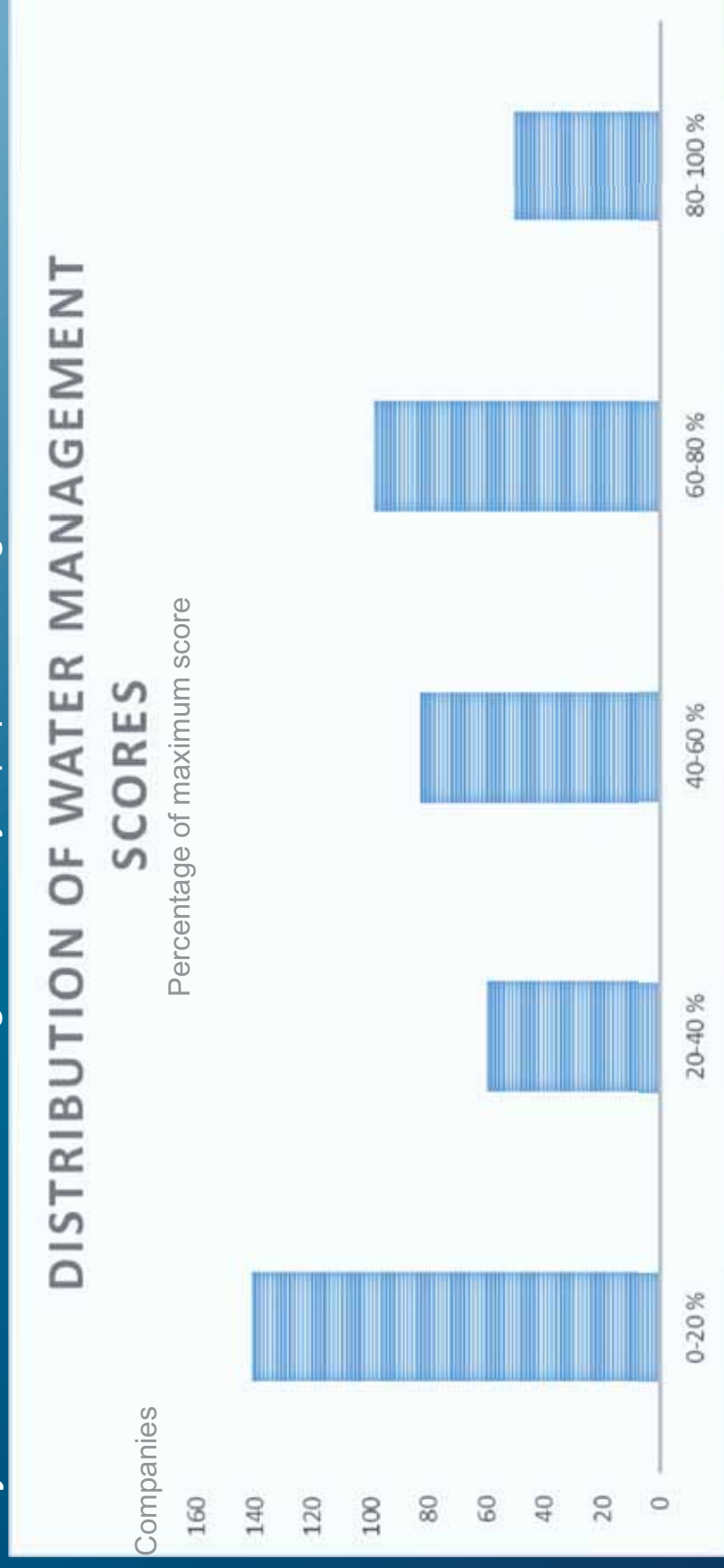
WATER MANAGEMENT – Expectations to companies

- Updated document published October 2015
- Directed towards company investments, risk management, reporting and transparency
- Dialogue with companies



WATER MANAGEMENT DISCLOSURE

- 450 companies assessed in 2015
- Key sectors: Food & beverage, Forestry & paper, Mining & Industrial metals, Utilities



WATER MANAGEMENT ANALYSIS

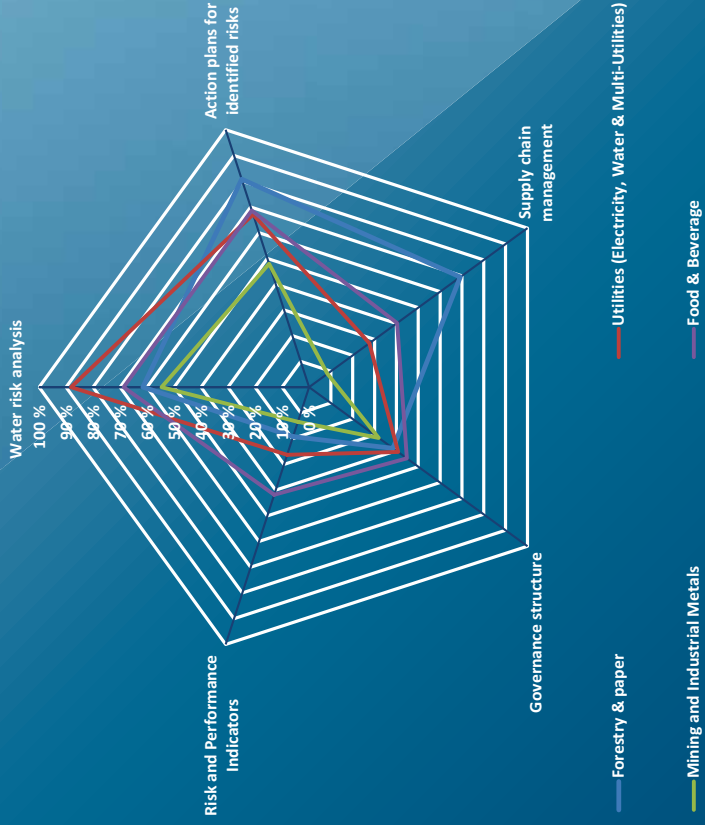
Country

Sector

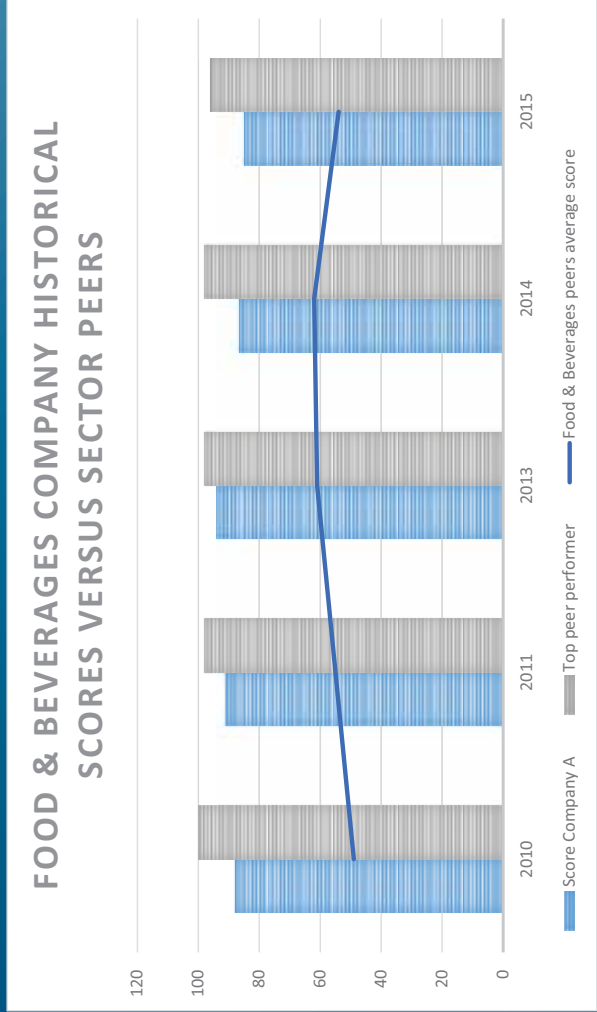
Company



SECTOR COMPARISON WATER DISCLOSURE



2015 WATER MANAGEMENT ASSESSMENT

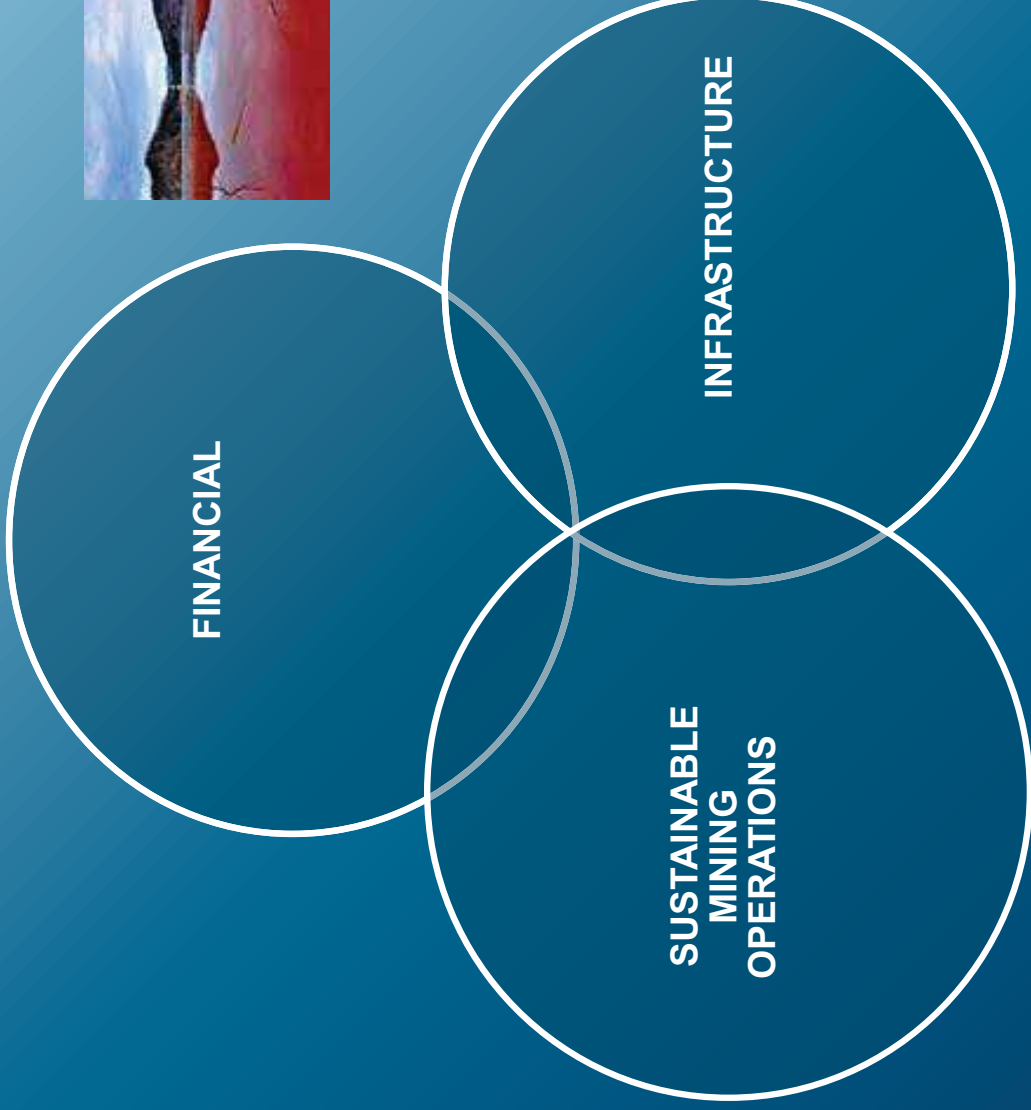


Best results in water management in various sectors

Nestlé SA
Diageo Plc
Anglo American Plc
Newmont Mining Corp
Exelon Corp
Enel SpA
MandI Plc
UPM-Kymmene OYJ
Pepsi Co Inc
Coca-Cola Almatil Ltd



MINING SECTOR WATER RELATED EXECUTION RISKS



ACADEMIC RESEARCH

Project with Columbia University's Earth Institute

- Identify non-financial datasets which may be relevant for company performance
- Research sustainability risk factors for gold and copper mining companies
- Water is relevant for capital expenditure, operational processes and mines can be located in water stressed areas

NEWS RELEASE NORGES BANK TO FINANCE RESEARCH ON SUSTAINABLE MINING

Norges Bank has given Columbia University in New York a 3-year grant to study how different sustainability factors influence profitability in the mining industry.

The grant is part of a research project initiated by Norges Bank focused on the mining of copper and gold. The mining sector has seen increased challenges related to water management, deforestation, land rights, social and regulatory issues. The research project will study how different factors related to sustainability influence profitability in the mining industry.

Columbia Water Center, a center of the Earth Institute at Columbia University, in collaboration with Columbia University's Department of Industrial Engineering and Operations Research and the Columbia Center on Sustainable Development, will develop a modeling platform to quantitatively assess mining-related water and environmental risks and their financial implications.

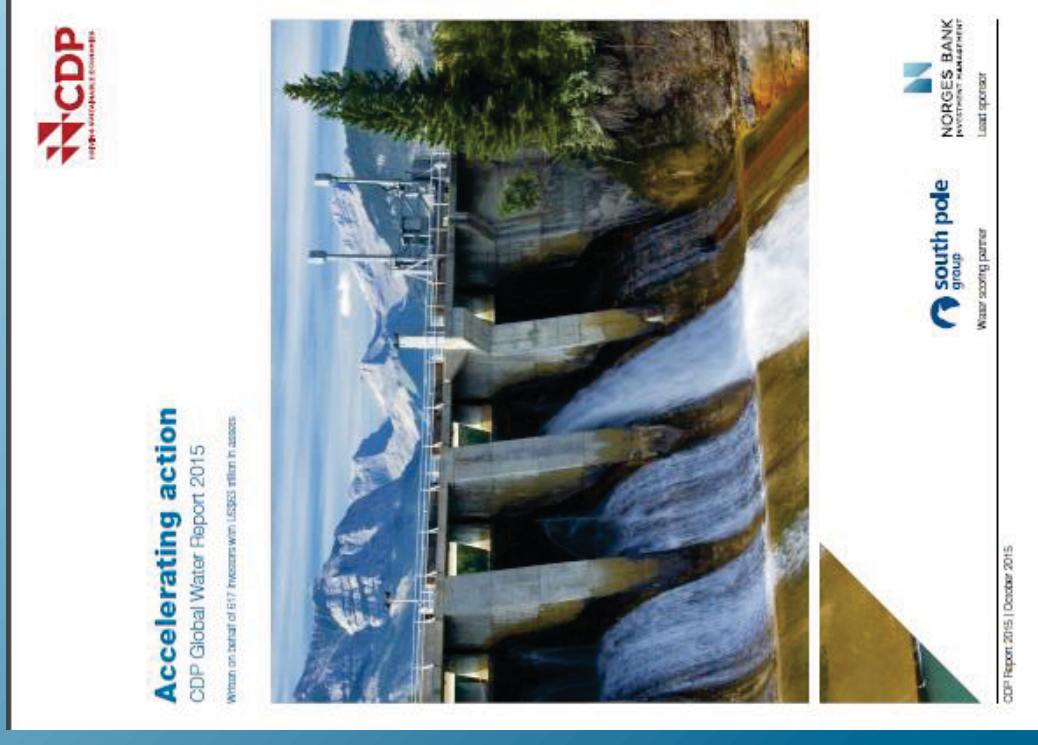
The data and models to be developed will be available to mining companies seeking to assess, manage and mitigate a broad range of environmentally induced financial risks. Other users include investors, mining companies, government regulators, non-governmental organizations and academics.

The grant must be seen in context with the updated mandate for the fund given by the Ministry of Finance. The mandate requires Norges Bank to contribute to academic research on potential causality between sustainability related factors and financial risk and return in the long term.

CDP WATER

Lead sponsor since 2009

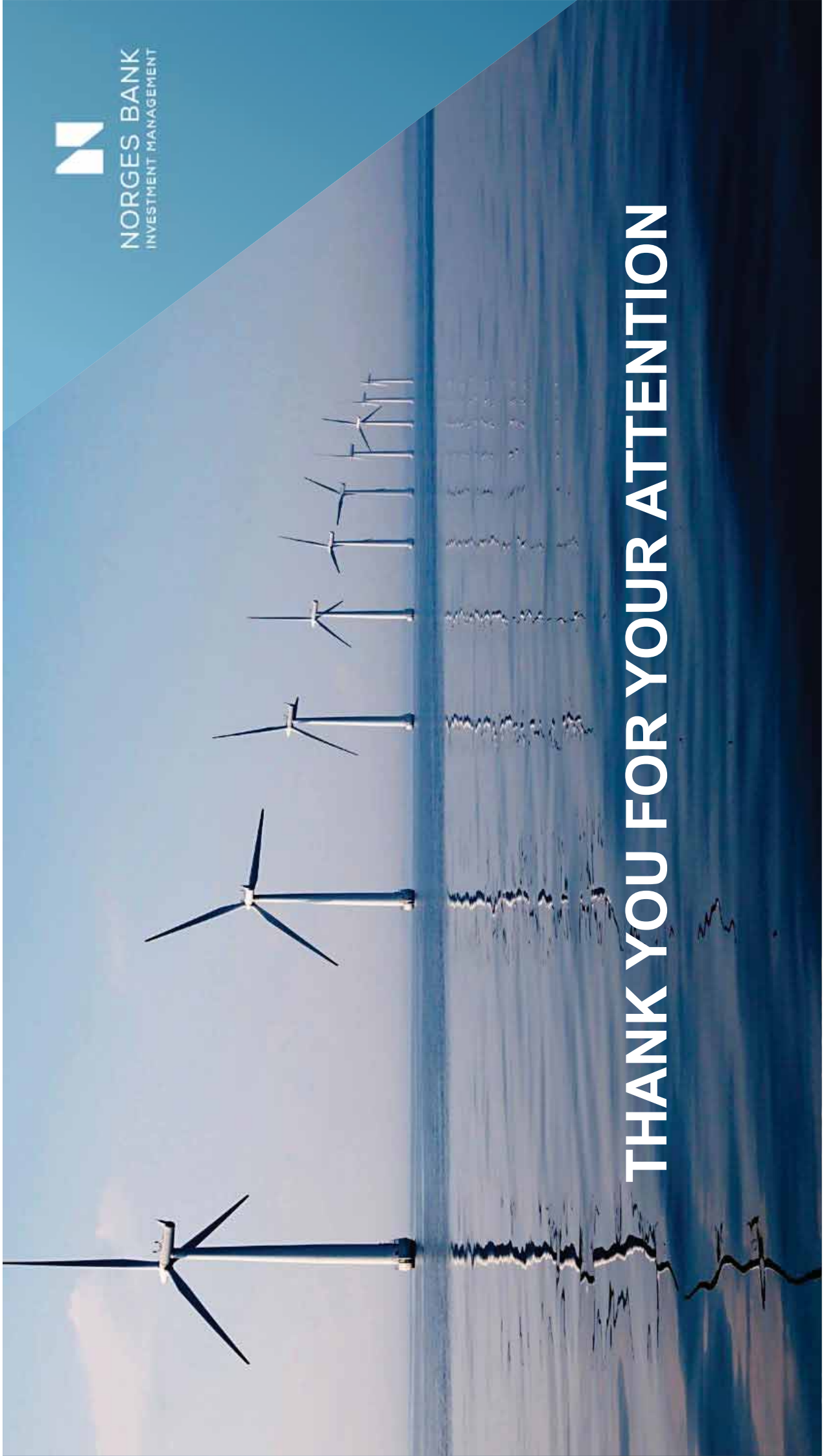
- Sponsored CDP Water since 2009
- Standardized data is useful for investors
- We welcome focus on transparency and disclosure





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THANK YOU FOR YOUR ATTENTION



Risk-based divestments

