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Recommendation on suspension of exclusion of KerrMcGee Corporation ("KerrMcGee")

Recommendation of May 24, 2006

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(Unofficial English translation)

To the Ministry of Finance

Oslo, May 24, 2006

Recommendation on suspension of exclusion of KerrMcGee Corporation ("KerrMcGee").

1 Background

The Council on Ethics for the Government Petroleum Fund, now the Government Pension Fund – Global, ("the Council"), submitted a recommendation to the Ministry of Finance on May 12, 2005, on the exclusion of KerrMcGee from the Fund's investment universe.

The company was, through its subsidiary KerrMcGee de Maroc Ltd, involved in exploration and survey activities for mapping of oil and gas resources on the continental shelf off Western Sahara. For reasons detailed in the recommendation on exclusion, the Council considered these activities to be in breach of the Fund's ethical guidelines' point 4.4, " *other particularly serious violations of fundamental ethical norms*". ¹The recommendation to exclude KerrMcGee is dated April 12, 2005: <http://odin.dep.no/etikkradet/english/documents/099001-230017/dok-bn.html>

The Ministry of Finance decided to follow the Council's recommendation and instructed Norges Bank on April 29, 2005 to exclude KerrMcGee from the Fund's investment universe. The Fund's holdings in the company were sold and the Ministry of Finance published its decision on June 6, 2005. ²Press release from the Ministry of Finance, June 6, 2005: http://odin.dep.no/fin/english/topics/pension_fund/p10002777/pressreleases/006071-070639/dok-bn.html

On May 3, 2006, the Council wrote to KerrMcGee to enquire whether the company's activities on the continental shelf off Western Sahara were terminated.

In a letter dated May 10, 2006, KerrMcGee confirmed that the company had ceased its activities in the Boujdour field and that the licence to conduct explorations had expired in April 2006.

2 The Council's assessment

Point 4.6 of the Fund's ethical guidelines states the following:

" The Council shall review on a regular basis whether the reasons for exclusion still apply and may against the background of new information recommend that the Ministry of Finance revoke a decision to exclude a company."

Based on the new information that the Council has received, the activities that formed the basis for the Council's recommendation to exclude the company have now ended. The Council therefore finds that the basis for exclusion of KerrMcGee from the investment universe of the Government Pension Fund – Global no longer exists.