



MINUTES OF THE EXECUTIVE BOARD MEETING OF 30 SEPTEMBER 2020

Present:

Executive Board: Øystein Olsen, Jon Nicolaisen (items 148-162), Ida Wolden Bache, Karen Helene Ulltveit-Moe, Kristine Ryssdal, Arne Hyttnes, Nina Udnes Tronstad and Hans Aasnæs

Employee representatives: Mona H. Sørensen (items 152-162) and Kjersti-Gro Lindquist (152-162)

Office of the Supervisory Council: Jan Frode Jakobsen (items 148-150 and 155-160)

Management: Nicolai Tangen (items 148-156), Trond Grande (148-159), Ørjan Agdesteen (155-156), Olav Bø (160 and 163), Torkel Fagerli (157), Hege Gjerde (156 and 159), Bjarne Gulbrandsen (148-166), Renate Haugen (158-160), Pål Haugerud (148-150, 153-154), Jane Haugland (155-159), Dag Huse (159), Torbjørn Hægeland (158 and 164-165), Carine Smith Ihenacho (148-149), Mads Kristensen (158-160), Simen Lutnæs (155), Runar Malkenes (148-155, 157-158, 163 and 165), Kyrre Nilsen (148-166), Geir Øivind Nygård (159), Merethe Riddervold (157-159), Marius Ryel (152-154 and 157-158), Knut Sandal (164-165), Thomas Sevang (148-150), Stian Solheim (156), Kirsten Steinberg (152-155 and 157-160), Anders Svor (163), Ingunn Valvatne (148-150 and 155-160), John Tore Vatnar (148-150), Birger Vikøren (148-157 and 160-166) and Kjetil Watne (164-165)

There were no comments on the meeting notice and agenda.

Item 148/2020 Consultation response: NOU 2020:7 Values and responsibility

Discussion documents: Memo from the General Secretariat of 24 September 2020
Memo from the Ownership Committee of 28 September 2020

On 24 June, the Ministry of finance circulated for comment NOU 2020:7 Values and responsibility - The ethical framework for the Government Pension Fund Global. The Committee was appointed to assess the ethically motivated guidelines for the GPFG in the light of developments since the guidelines were established in 2004.

Jon Nicolaisen presented the draft consultation response and the discussions on the Ownership Committee. The Committee recommended that the Executive Board follow management's guidance.

The Executive Board discussed the matter and provided feedback and comments. The Executive Board approved the submission of the consultation response to the Ministry of Finance. The Governor was authorised to finalise the letter based on the Executive Board's feedback at the meeting.

Item 149/2020 GPFG - Follow up of expectations document on tax and transparency.

Discussion Memo from NBIM of 23 September 2020
document:

Carine Smith Ihenacho presented the matter for discussion.

The Executive Board discussed the matter and took note of the presentation. NBIM will return to the Executive Board with more detail on the follow up of the companies and instruments in the ownership work related to the Bank's feedback on the Ministry's announced review of work on tax and transparency in the subsequent white paper on the GPFG.

Item 150/2020 The Executive Board's implementation of Section 7.1(3) of the GPFG management mandate

Discussion Memo from the Governor and Deputy Governors of 21
document: September 2020

Jon Nicolaisen presented the matter for discussion.

The Executive Board discussed the matter and asked that Internal Audit regularly confirm that NBIM follows up on Section 7-1(3) of the Ministry of Finance's management mandate for the GPFG. The task is to be incorporated into the Executive Board's future annual plans for Internal Audit.

Item 151/2020 Briefing on current issues in NBIM

Nicolai Tangen gave a briefing on current issues in NBIM, including the status of work on a new organisation of the NBIM Leader Group.

Item 152/2020 Approval of the minutes of the Executive Board meetings of 24 August and 7 September 2020.

The Executive Board approved the minutes of its meetings of 24 August and 7 September.

Item 153/2020 Follow-up of agreement with NBIM CEO

Discussion Memo from the Deputy Governor of 28 September 2020
document:

Jon Nicolaisen presented the matter for discussion.

The Executive Board discussed the matter and approved a number of adjustments to the frameworks for the management of Nicolai Tangen's assets, with corresponding adjustments to the employment contract. Tangen will be

allowed to, in addition to holding bank deposits, hold investments (directly or via funds) in:

- Norwegian and foreign government securities with original maturity of up to 12 months.
- Other securities issued by public authorities (including international institutions) with original maturity of up to 12 months.

The purpose of investments in such securities is to spread the assets and prevent undesirable exposure to individual banks, not to earn higher returns. At the same time, these are deep and liquid markets where individual investors cannot influence market prices.

Both bank deposits and fixed income securities are assigned specific limitations in line with the discussion document. The assets are not to be deposited in banks or invested in funds administered or domicile in low-tax jurisdictions, as defined in the NOKUS rules. Further, the assets shall not be invested in fixed-income securities excluded from the GPFG's investment universe (cf Section 2-1, second paragraph, of the GPFG mandate).

Tangen's bank deposits will also be subject to certain restrictions. For example, deposits in NBIM's depository bank, currently Citibank Group, will be excluded, which also applies to all NBIM employees. In addition, a maximum limit will be imposed on the amount that can be deposited in a single bank in order to avoid excessive exposure. The limit is set at NOK 400 million in an individual bank at the time of deposit (about 5 percent of total portfolio). Exemptions from this limit may be made for Tangen's depository bank.

The amendments will be implemented as soon as possible. The Ministry of Finance is to be informed of the changes. The Governor was authorised to approve any amendments to agreements and undertakings submitted in connection with Nicolai Tangen's employment contract.

Item 154/2020 Employment contract control measures - Nicolai Tangen

Discussion Memo from the General Secretariat/GRC of 24 September
document: 2020

Jon Nicolaisen presented the matter for discussion.

The Executive Board discussed the matter and took note of the presentation on control measures from GRC and NBIM.

Item 155/2020 Strategy 2022: Implementation of One Bank - Benefit realisation plan for NBA

Discussion Memo from NBA of 24 September 2020
document:

Norges Bank Administration (NBA) was established 10 December 2019 to contribute to the realisation of the Executive Board's ambition of efficient operations and strengthened common culture at the Bank.

Jane Haugland presented NBA's benefit realisation plan for the period 2020-2022. The plan lists the most important quantitative and qualitative synergies and benefits that NBA will bring about in the next two years.

The Executive Board had an exchange of views and took note of the plan. At the same time, the Executive Board provided specific feedback on the prioritisations and further work.

Item 156/2020 Norges Bank's 2021 budget

a) Status of Norges Bank's strategy, planning and budgeting work

Discussion Memo from NBA of 24 September 2020
document:

Ida Wolden Bache and Ørjan Agdesteen presented the matter for discussion.

The Executive Board discussed the matter and confirmed that an update of Norges Bank's strategy for 2022 is not currently necessary.

In further work with the budget for 2021, the plan is to:

- Maintain the ambition level for costs at Norges Bank, assuming real unchanged ordinary operating costs adjusted for exchange rate movements.
- Use the outlined budgeting principles and assumptions as a basis.

The Executive Board considers the final budget for strategic efforts at the meeting of 25 November.

b) NBIM - budget for 2021

Discussion Memo from NBIM of 24 September 2020
document:

Trond Grande and Nicolai Tangen presented the matter for discussion.

The Executive Board discussed the matter and approved the proposed budget conditions, ambition levels for costs and strategic efforts for NBIM for 2021.

The draft 2021 budget for NBIM, and a letter to the Ministry of Finance, is to be presented to the Executive Board at the meeting of 28 October. A final 2021 budget is to be presented for approval at the Executive Board meeting of 25 November.

The Executive Board took note of NBIM's aim in the first half of 2021 to present an updated version of the current strategic plan.

Item 157/2020 The Executive Board's principles for security, preparedness etc. at Norges Bank

Discussion Memo from GRC of 24 September 2020
document:

Kirsten Steinberg presented the matter for discussion.

The Executive Board discussed the matter and approved “Principles for security at Norges Bank” and “Principles for preparedness and crisis management at Norges Bank” in line with the presented proposal.

The Executive Board asked that plans be made for an annual review of the tolerance limits for operational risk.

Item 158/2020 Summary of Bank-wide audit report

Discussion Memo from Internal Audit of 15 September 2020
documents: Memo from the Audit Committee of 31 August 2020

Ingunn Valvatne presented the main elements of the audit report.

- 2002 Norges Bank Anti-Money Laundering

Karen Helene Ulltveit-Moe reported on the Audit Committee’s discussions and the issues of particular concern to the Committee. The Audit committee was satisfied with the report and the answers they were given by the administration, and pointed out the particular importance of effective routines in this area. The committee recommended that the Executive Board follows Internal Audit’s guidance.

The Executive Board took note of Internal Audit’s summary of the audit report.

Item 159/2020 Summary of audit reports – NBIM

Discussion Memo from Internal Audit of 17 September 2020
documents: Memo from the Audit Committee of 31 August 2020

Ingunn Valvatne presented the main elements of three audit reports.

- 2005 NBIM ESG Risk Management
- 2006 NBIM Trading Process
- 1909 NBIM Follow-up audit on procurement

Karen Helene Ulltveit-Moe reported on the Audit Committee’s discussions and the issues of particular concern to the Committee in the individual audit reports. The committee was satisfied with the answers provided by the administration and recommended that the Executive Board follows Internal Audit’s guidance.

The Executive Board took note of Internal Audit’s summary of the audit reports.

Item 160/2020 Summary of audit reports – Central Banking Operations

Discussion Memo from Internal Audit of 21 September 2020
documents: Memo from the Audit Committee of 31 August 2020

Ingunn Valvatne presented the main elements of two audit reports:

- 2011 NBCBO Management and control of the foreign exchange reserves
- 1912 NBCBO Operational Risk

Karen Helene Ulltveit-Moe reported on the Audit Committee's discussions and the issues of particular concern to the Committee in the individual audit reports. The Audit Committee was satisfied with the answers provided by the administration and recommended that the Executive Board follows Internal Audit's advice.

The Executive Board took note of Internal Audit's summary of the audit reports.

Item 161/2020 2021 Meeting schedule for the Executive Board

Discussion Memo from the General Secretariat of 28 September 2020
document:

The Executive Board provided specific feedback, but approved the main elements of the proposed meeting and seminar schedule.

Item 162/2020 Briefing on current matters in the Governor's area of responsibility

The Governor gave a briefing on relevant matters.

Item 163/2020 Assessment of government debt management

Discussion Memo from Markets and ICT of 23 September 2020
document:

Since 2015, Norges Bank has managed government debt in accordance with the mandate from the Ministry of Finance. In its letter of 30 January 2020, the Ministry requested analyses and assessments of Norges Bank's performance of this investment management task.

Anders Svor presented the draft response.

The Executive Board discussed the matter and approved submitting the evaluation of government debt management to the Ministry of Finance. The Governor was authorised to finalise the letter based on the Executive Board's remarks.

Item 164/2020 Project to assess the infrastructure for real time payments with direct settlement at Norges Bank.

Discussion Memo from Financial Stability of 24 September 2020
document:

Torbjørn Hægeland presented the matter for discussion.

The Executive Board discussed the matter and took note of the presentation. The final report and recommendations for future decisions will be submitted for approval by the Executive Board, expected at the beginning of 2021.

Item 165/2020 Central bank digital currency project

Discussion Memo from Financial Stability of 24 September 2020 document:

Torbjørn Hægeland presented the matter for discussion.

The Executive Board had an exchange of views and took note of the matter.

Item 166/2020 Any other business

Karen Helene Ulltveit-Moe informed the Board that the external members had decided on Nina Udnes Tronstad as a new member of the Audit Committee.

Items for information:

Minutes of the Risk and Investment Committee meeting of 5 August 2020

- NBIM Report – GPFPG Performance and Risk - August 2020

Report from the Audit Committee meeting of 27 August 2020

Government Pension Fund Global – Report and presentation from meeting with the Ministry of Finance

Memo from NBIM of 28 September 2020

Report No. 32 (2019-2020): Government Pension Fund Global 2020

Memo of 28 September 2020

Members of the Executive Board:

Øystein Olsen

Jon Nicolaisen

Ida Wolden Bache

Karen Helene Ulltveit-Moe

Kristine Ryssdal

Arne Hyttnes

Nina Udnes Tronstad

Hans Aasnæs

Employee-elected board members:

Mona Helen Sørensen

Kjersti-Gro Lindquist