



MINUTES OF THE EXECUTIVE BOARD MEETING OF 24 JUNE 2020

Present:

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

Employee representatives: Mona Sørensen (items 113-117 and 120a) and Kjersti-Gro Lindquist (113-117 and 120a)

Office of the Supervisory Council: Management: Jan Frode Jakobsen (115-117)

Ørjan Agdesteen (117), Alexander Behringer (113-117 and 120a), Torkel Fagerli (115 and 116), Hege Gjerde (117), Trond Grande (107-111 and 117), Bjarne Gulbrandsen (107-120), Pål Haugerud (107-111), Jane Haugland (113-117 and 120a), Dag Huse (107-111), Torbjørn Hægeland (118), Bård Ove Molberg (113-115 and 119), Kyrre Nilsen (107-119 and 120 b), Merethe Riddervold (107 and 110), Marius Ryel (113-116, 120a), Yngve Slyngstad (items 107-112), Ola Stavem (107-108), Kirsten Steinberg (113-116), Bent Vale (118), Ingunn Valvatne (107, 115-117), John Tore Vatnar (111), Birger Vikøren (107-117 and 120a), Sindre Weme (118)

There were no comments on the meeting notice and agenda.

Item 107/2020 **NBIM Advisory Boards - Advisory committee for NBIM**

Discussion document: Memo from NBIM of 18 June 2020

Yngve Slyngstad presented the matter for discussion.

The Executive Board discussed the matter and took note of the advisory committee for NBIM.

Item 108/2020 **GPFG - Investments in unlisted renewable energy infrastructure**

Discussion documents: STRICTLY CONFIDENTIAL memo from the Governor and Deputy Governors of 19 June 2020
C4 CONFIDENTIAL - Memo from NBIM of 16 June 2020
Memo from the Risk and Investment Committee of 22 June 2020

Yngve Slyngstad and Ola Stavem presented the main elements of the investment proposal. Jon Nicolaisen reported on the Risk and Investment Committee's discussions and the matters that were given particular weight in its consideration. He then presented the Committee's proposed recommendation.

The Executive Board discussed the matter and decided to follow the Committee's recommendation:

- The Executive Board agreed that NBIM may submit bids for purchase amounts of up to *[redacted text]* given that the terms for the transaction do not change substantially.
- If the Bank's bid is accepted, the Executive Board expects that NBIM will seek to renegotiate the agreement with the joint-venture partner to secure tag and drag-along rights, and ESG standards that comply with the Executive Board's principles and NBIM's guidelines and expectations documents.
- The Executive Board requests that NBIM find a removal cost guarantee solution that does not entail guarantee responsibility for Norges Bank as such.

Item 109/2020

GPF – Principles for responsible investment

Discussion document: Memo from NBIM of 17 June 2020

At the meeting of 29 April 2020, the Executive Board considered the matter of changes to the principles for responsible investment of the GPF. In line with Section 4-2 (1) of the management mandate from the Ministry of Finance, the principles are to be put before the Ministry at least three weeks before they are set. In its response of 26 May, the Ministry of Finance took note of the changes.

The Executive Board set the changes to the principles for responsible investment in accordance with the attached draft.

Item 110/2020

Regulation of listed investments in Japan

Discussion document: Memo from NBIM of 18 June 2020

Yngve Slyngstad presented the matter for discussion.

The Executive Board discussed the matter and took note of the presentation.

Item 111/2020

Recommendation of 28 February 2020 from the Council on Ethics to exclude a company

Discussion document: C4 CONFIDENTIAL - Memo from the Ownership Committee of 19 June 2020

Norges Bank has received a recommendation of 28 February 2020 from the Council on Ethics to exclude the company PetroChina Co Ltd. The company has been under observation since May 2017 because of the risk of gross corruption, of the conduct-based criterion in Section 3(1)(e) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global. In its recommendation of 28 February 2020, the Council on Ethics maintains its recommendation from December 2016 to exclude the company.

The Ownership Committee discussed the matter at the meeting of 16 June 2020. Jon Nicolaisen presented the matter for discussion.

The Executive Board discussed the matter and placed weight on:

- The presence of high thresholds for exclusion, and in the Board's opinion, it has not been sufficiently established that conditions for exclusion are met. Furthermore, the Executive Board agrees with the Council on Ethics that continued observation does not seem appropriate either.
- The Executive Board is of the view that the Ownership Committee is a suitable alternative. NBIM is in regular dialogue with companies on the subject of anti-corruption, including in previous matters under these guidelines, which a dialogue with PetroChina Co Ltd can benefit from.
- The Board is of the view that an appropriate time horizon for a dialogue with the company can be three years, given the conditions of the case and the theme of the dialogue.

The Executive Board endorsed the Ownership Committee's position:

- The Executive Board requests that NBIM establish separate ownership rights regarding PetroChina Co Ltd with the theme of anti-corruption. The company is not to be excluded.
- The Council on Ethics is to be informed of the decision.
- The Governor was authorised to set a date for publishing the decision.

Item 112/2020 Briefing on current issues in investment management

Yngve Slyngstad gave a briefing on relevant matters for NBIM.

Item 113/2020 Minutes of the Executive Board Meetings of 20 and 27 May, and 10 June 2020

Discussion Draft minutes
documents:

The Executive Board approved the minutes of its meeting of 10 June. The Board had a few comments on the minutes from the meetings of 20 and 27 May 2020 and requested their finalisation at the meeting of 12 August.

Item 114/2020 Follow-up - Appointment of Nicolai Tangen as NBIM CEO

Discussion Memo from General Counsel of 23 June 2020
document:

The Governor and Marius Ryel presented the matter for discussion.

The Executive Board discussed the matter and took note of the review of binding contracts and declarations and the status of the completion of the follow-up of the appointment of Nicolai Tangen.

The Executive Board authorised the Deputy Governor, with special responsibility for the GPF, to make decisions on behalf of the Executive Board in matters where the CEO of NBIM is regarded as partial.

- Item 115/2020** **Ethical principles for employees. Revisions 2020**
Discussion Memo from General Counsel/GRC of 17 June 2020
document:
- Marius Ryel presented the proposed revisions to the ethical principles for employees at Norges Bank.
- The Executive Board discussed the matter and made remarks. The Governor was authorised to finalise “Ethical principles for employees at Norges Bank” in line with the draft and remarks, and to set the date for entry into force.
- Item 116/2020** **Updated principles for risk management and internal control at Norges Bank.**
Discussion Memo from GRC of 11 June 2020
document:
- Kirsten Steinberg presented the main elements of the discussion document.
- The Executive Board discussed the matter and made remarks. The Governor was authorised to finalise “The Executive Board’s principles for risk management and internal control at Norges Bank” in line with the draft and remarks, and to set the date for entry into force. From the same date, “General risk management principles for Norges Bank” from 16 December 2009 will be revoked.
- Item 117/2020** **Plan and budget process for Norges Bank 2021**
Discussion Memo from Norges Bank Administration of 15 June 2020
document:
- Ørjan Agdesteen presented the main elements of the report.
- The Executive Board took note of the proposed plan and budget process for 2021.
- Item 118/2020** **Principles for S-loans**
Discussion Memo from Financial Stability of 18 June 2020
document:
- Torbjørn Hægeland and Bent Vale presented the matter for discussion.
- The Executive Board discussed the matter and approved the principles for S-loans as outlined in the discussion document. The principles are to be published in a manner considered appropriate by management.
- Item 119/2020** **Briefing on relevant matters for Norges Bank Central Banking Operations (NBCBO)**
- The Governor gave a briefing on relevant matters for NBCBO.
- Item 120/2020** **Any other business**

- a) The Governor presented the main elements of the letter of 11 June 2020 that the Supervisory Council has submitted to the Storting (Norwegian parliament) regarding the appointment of a new NBIM CEO. He also informed that a hearing of the Standing Committee on Finance and Economic Affairs would be held on Monday 10 August.

The Executive Board discussed the matter and approved an extraordinary meeting of the Executive Board for 6 August.

- b) Arne Hyttnes gave a presentation of the Remuneration Committee's meeting of 22 June, where the Committee was presented with a thorough account of performance-based pay at NBIM.

The following were distributed for information together with the discussion documents:

- Letter to the Ministry of Finance of 2 June 2020 - Implementation of the strategy period 2017-2019
- Letter to the Ministry of Finance of 29 May 2020 - GPFG - Composition of the benchmark index for equities
- Letter to the Ministry of Finance of 27 May 2020 - Appointment of Nicolai Tangen as CEO of NBIM
- Letter to the Supervisory Council of 27 May 2020 - Appointment of Nicolai Tangen as CEO of NBIM
- Report from the committee that has assessed the ethical framework for the GPFG, memo from NBIM of 17 June 2020
- Minutes of the Executive Board's Risk and Investment Committee meeting of 27 January 2020
- Minutes of the Executive Board's Risk and Investment Committee meeting of 27 April 2020
- Minutes of the Executive Board's Risk and Investment Committee meeting of 18 May 2020
- Minutes of the Executive Board's Ownership Committee meeting of 28 April 2020
- NBIM Report - GPFG Performance and Risk - May 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