



MINUTES OF THE EXECUTIVE BOARD MEETING OF 18 DECEMBER 2020

Present:

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

Employee representatives: Mona H. Sørensen (items 214-221) and Kjersti-Gro Lindquist (214-221)

Office of the Supervisory Council: Jan Frode Jakobsen (items 204, 206-207 and 217-219)

Management: Nicolai Tangen (items 206-213), Trond Grande (206-213 and 216-220), Alexander Behringer (217-218), Mats Fevolden (204), Ingrid Ellingsen Gran (217), Anna Grinaker (204), Bjarne Gulbrandsen (204-222), Pål Haugerud (206-213, 219 and 221), Jane Haugland (218-219), Torbjørn Hægeland (204), Dag Huse (206-208), Carine Smith Ihenacho (209-212), Jonas Jølle (212), Runar Malkenes (206 and 215), Wilhelm Mohn (209-211), Kyrre Nilsen (204-222), Merethe Riddervold (206-208 and 217-219), Marius Ryel (215-219), Knut Sandal (204), Thomas Sevang (206-217), Kirsten Steinberg (215-217), John Tore Vatnar (209-211), Birger Vikøren (204-222), Ingunn Valvatne (204, 206-207, 209-212, 216-220), Fredrik Willumsen (206)

There were no comments on the meeting notice and agenda.

The Executive Board approved conducting the meeting via videoconference.

Item 204/2020 Memo for the report Financial Infrastructure 2021

Discussion Memo from Financial Stability of 9 December 2020 document:

Torbjørn Hægeland presented the proposed themes for the report *Financial Infrastructure 2021*.

The Executive Board discussed the matter and took note of the fact that the proposed themes will be explored in the work on the report Financial Infrastructure 2021. The publication of the report is planned for May 2021.

Item 205/2020 Briefing on relevant matters within the Governor's area of responsibility.

The Governor and Deputy Governors gave a briefing on relevant matters within the Governor's area of responsibility.

Item 206/2020 Investment management in the light of the Covid-19 pandemic

Discussion Memo from NBIM of 7 December 2020
documents:

Memo from the Risk and Investment Committee of 14 December 2020

In a letter dated 4 November 2020, the Ministry asked that Norges Bank report on its experiences of the day-to-day operational management of the GPFG since the outbreak of Covid-19.

Trond Grande presented the draft response. Karen Helene Ulltveit-Moe reported on the risk and investment Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follows management's guidance.

The Executive Board discussed the matter and approved the request for a letter to be sent to the Supervisory Council in line with the attached draft. The Governor was authorised to finalise the letter based on the remarks from the meeting.

Item 207/2020 GPFG - Framework for exposure to individual companies (second round of consideration)

Discussion Memo from NBIM of 7 December 2020
documents:

Memo from the Risk and Investment Committee of 14 December 2020

At its meeting of 28 October, the Executive Board considered the matter regarding the framework for exposures to individual companies in the investment mandate for the CEO of NBIM. In compliance with Section 2-5, paragraph 10 of the Ministry of Finance's mandate, the proposed amendments have been submitted to the Ministry of Finance. In a response, the Ministry writes that it has no objections to the proposed amendments.

Trond Grande presented the matter for discussion. Karen Helene Ulltveit-Moe reported on the Risk and Investment Committee's discussions and the issues of particular concern to the Committee. The Committee recommended that the Executive Board follows management's guidance.

The Executive Board decided to remove the limit for exposure to individual companies (point 3.3.1. m) from the investment mandate for the CEO of NBIM.

The Executive Board's investment mandate for the CEO of NBIM is to be updated in line with the decisions. The updated investment mandate is to be sent to the Ministry of Finance and published.

Item 208/2020 The benchmark index for the Government Pension Fund Global - rebalancing

Discussion Memo from NBIM of 10 December 2020
document:

Trond Grande presented the matter for discussion.

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

Item 209/2020 Annual review of active ownership

Discussion Memo from the Ownership Committee of 20 November 2020
document:

Kristine Ryssdal presented the annual review of active ownership and its consideration by the Ownership Committee.

The Executive Board discussed the matter. The Executive Board noted active ownership functions well, including the progress in the dialogue with PetroChina Co Ltd (cf the Executive Board's decision on active ownership at its meeting of 24 June 2020).

The Executive Board took note of the annual review of active ownerships. The Executive Board requested that NBIM intensify executive-level dialogue with *[redacted text]*.

Item 210/2020 Annual assessment of companies that are excluded or under observation.

Discussion Memo from the Ownership Committee of 20 November 2020
document:

According to Section 6 paragraph 6 of the guidelines for observation and exclusion from the GPFG, "the Bank shall regularly assess whether the basis for observation or exclusion still exists".

Kristine Ryssdal presented the matter and the Ownership Committee's assessments. No information was presented at the meeting that conflicted with the basis for observation or exclusion.

The Executive Board discussed the matter and took note of Norges Bank's assessment of companies that are excluded or under observation, and the Council on Ethics' summary.

Item 211/2020 Report and self-evaluation of the Ownership Committee

Discussion Memo from the Ownership Committee of 20 November 2020
document:

According to the mandate from the Executive Board, the Ownership Committee shall "conduct an annual evaluation of its activities". Kristine Ryssdal presented the Ownership Committee's self-evaluation.

The Executive Board took note of the Ownership Committee's self-evaluation.

Item 212/2020 GPFG - Position paper on boardroom diversity

Discussion Memo from NBIM of 16 December 2020
document:

As a basis for its active ownership work, NBIM publishes position memos on important questions regarding corporate governance. Carine Smith Ihenacho presented the main elements of the paper on boardroom diversity.

The Executive Board discussed the matter and took note of the publication of the position paper on boardroom diversity before voting season in 2021.

Item 213/2020 Briefing on current issues in NBIM

The Governor, Nicolai Tangen and Trond Grande reported on matters relevant to NBIM.

Item 214/2020 Approval of the minutes of the Executive Board meeting of 25 November 2020.

The Executive Board approved the minutes of its meeting of 25 November 2020.

Item 215/2020 Final employment contract with the CEO of NBIM

Discussion Memo from General Counsel of 14 December 2020
document:

Marius Ryel presented the final employment contract with the CEO of NBIM.

The Executive Board discussed the matter and took note of the entry into the final employment contract with the CEO of NBIM.

The Supervisory Council is to be informed further of the transfer of ownership interest in AKO Capital LLP to AKO Foundation, and the follow-up.

Item 216/2020 Control measures employment agreement - Nicolai Tangen

Discussion Memo from General Secretariat/GRC of 15 December 2020
document:

Kirsten Steinberg presented the control measures related to the employment agreement with Nicolai Tangen.

The Executive Board discussed the matter and took note of the updated control measures related to the employment agreement with Nicolai Tangen.

Item 217/2020 Routines for handling market sensitive information. Repeal

Discussion Memo from GRC/General Counsel of 11 December 2020
document:

Marius Ryel presented the matter and the relevant routines for handling market sensitive information.

The Executive Board discussed the matter and approved the repeal of "Routines for handling market sensitive information" (adopted by the Executive Board 17

December 2008 with most recent amendments by the Governor on 20 October 2016) with effect from the same day that the Governor sets new guidelines.

Item 218/2020 Temporary election method for employee representatives on the Executive Board

Discussion Memo from General Secretariat of 14 December 2020
document:

Under Section 2-3 paragraph 2 of the Norges Bank Act, the method whereby the employee representatives are elected “shall be agreed upon by the Executive Board and the employees”. Such an agreement between the Executive Board and the employees has not yet been negotiated.

Birger Vikøren presented the matter for discussion.

The Executive Board discussed the matter. The Executive Board enters into an agreement with Federation of Norwegian Professional Associations at Norges Bank and the Finance Sector Union of Norway at Norges Bank on behalf of the employees, on the temporary election method for the employee representative members of the Executive Board, effective from 1 January 2021. The Governor was authorised to sign the agreement on behalf of the Executive Board.

Management shall initiate a process for the labour unions just after the new year, with the aim of negotiating a more permanent agreement for the election method for employee representative members of the Executive Board.

Item 219/2020 Temporary change of responsibility

Discussion Memo from General Secretariat of 14 December 2020
document:

The Deputy Governor with special responsibility for the GPFG resigned from his position on 4 December. Birger Vikøren presented the matter for discussion and the resulting need for a temporary change of responsibility.

The Executive Board discussed the matter and decided to make the Governor, Øystein Olsen, acting Chair of both the Risk and Investment and Ownership Committees in the period between 1 January 2021 and until a new Deputy Governor with special responsibility for the GPFG is appointed.

The Executive Board agreed that point 2 of the mandate for the Risk and Investment and Ownership Committees is to be suspended when the Governor acts as Chair for the Committees.

The Executive Board authorises the Governor to make decisions on its behalf in matters where the CEO of NBIM is considered partial. This authorisation applies until a new Deputy Governor is appointed.

Item 220/2020 Self-assessment of the Remuneration Committee for 2020

Discussion Memo from the Remuneration Committee of 14 December 2020
document:

In accordance with the mandate from the Executive Board, the Remuneration Committee annually conducts an assessment of the performance of its own activities. Arne Hyttnes presented the self-assessment for 2020.

The Executive Board discussed the matter and took note of the Remuneration Committee's self-evaluation.

Item 221/2020 The Executive Board's annual evaluation of its work and expertise.

Discussion Memo from General Secretariat of 14 December 2020 document:

According to the Executive Board's Rules of Procedure, the GPFM mandate and the internal audit rules for Norges Bank, the Executive Board is to evaluate its work and expertise on an annual basis.

The Governor introduced the matter of the Executive Board's self-evaluation for 2020.

The Executive Board discussed its work and expertise. Management is to summarise the discussion and present proposed follow-up points and the verification of formal requirements.

Item 222/2020 Any other business

The Governor and Ida Wolden Bache gave a briefing on the use of authorisations in accordance with section 12.3 in the Executive Board's principles for management of Norges Bank's foreign exchange reserves.

Items for information:

- Press release from Norges Bank of 4 December 2020
- Minutes of the Executive Board's Risk and Investment Committee meeting of 16 November 2020
- Minutes of the Remuneration Committee meeting of 23 November 2020
- Brexit update for MPR 4/20
- NBIM Report: GPFM Performance and Risk - November 2020
- Foreign exchange reserves - transfers between the equity and the fixed income portfolios December 2020