

## MINUTES OF THE EXECUTIVE BOARD MEETING OF 5 APRIL 2017

### Present:

Executive Board: Øystein Olsen, Jon Nicolaisen, Egil Matsen, Hilde Myrberg, Kjetil Storesletten, Karen Helene Ulltveit-Moe, Kathryn M. Baker and Steinar Juel

Alternates: Arne Hyttnes and Kristine Landmark

Employee representatives: Mona H. Sørensen and Nina Larsson Midthjell (items 82-83)

Office of the Supervisory Council: Jan Frode Jakobsen (items 79, 82 and 85-87), Randi Almås (items 82-83 and 85-88)

Management: Yngve Slyngstad (items 74-81), Trond Grande (items 74-83), Karsten Kallevig (item 74), Dag Huse (items 74-80), Merethe Riddervold (items 74-80 and 82-83), Jon Tore Vatnar (items 75-78), Stephen Hirsch (items 82-83), Jan Thomsen (items 82-83), Carl Axel Hagen (items 82-83), Ida Wolden Bache (item 84), Kristin Gulbrandsen (items 85-88), Kjetil Heltne (item 85), Kathrine Stang Ottesen (item 85), Leif Veggum (items 85-88), Karin Holm Johansen (items 85-88), Runar Malkenes (items 74-80 and 84-88), Ingunn Valvatne (items 74-80), Birger Vikøren (items 74-83), Bjarne Gulbrandsen (items 74-90), Olav Mundal (items 74-79)

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

- Agenda for the Executive Board seminar of 5 April 2017
- NBIM Monthly Board Report – February 2017
- Annual report to the Storting on the management of the GPFG in 2016  
Memo from NBIM of 31 March 2017
- Assurance statement – Central government account system  
Memo from the General Secretariat of 31 March 2017
- Assurance assignment – Central government debt management  
Memo from the General Secretariat of 31 March 2017
- Minutes of the Ownership Committee meeting of 19 January 2017

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



**75/2017 Recommendation from the Council on Ethics of 20 December 2016 (2) on observation of a company**

Discussion                      Memo from the Ownership Committee of 3 April 2017  
documents:

Norges Bank has received a recommendation from the Council on Ethics to place the company Eni SpA under observation. The recommendation was based on the risk of the company being responsible for gross corruption, cf. the conduct-based criterion in section 3(1)(e) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global.

Section 6 of the guidelines states that “the Bank shall consider whether other measures, including the exercise of ownership rights, may be more suited to reduce the risk of continued norm violations, or whether such alternative measures may be more appropriate for other reasons. The Bank shall consider the full range of measures at its disposal and apply the measures in a coherent manner.”

Egil Matsen presented the discussions on the Ownership Committee and its position. The committee supports management’s view that the exercise of ownership rights is probably better suited to reduce the risk of future norm violations in this case.

The Executive Board had an exchange of views and endorsed the Ownership Committee’s position:

- NBIM was asked to include corruption risk in its exercise of ownership rights with respect to Eni SpA. The company is not to be placed under observation.
- NBIM was asked to keep the Executive Board updated on the exercise of ownership rights with respect to Eni SpA.

- The Council on Ethics is to be informed of the decision.
- The Governor was authorised to set a date for publishing the decision.

**76/2017 Recommendation from the Council on Ethics of 20 December 2016 (1) on observation of a company**

Discussion                      Memo from the Ownership Committee of 3 April 2017  
documents:

Norges Bank has received a recommendation from the Council on Ethics to place the company Saipem SpA under observation. The recommendation was based on the risk of the company being responsible for gross corruption, cf. the conduct-based criterion in section 3(1)(e) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global.

Section 6 of the guidelines states that “the Bank shall consider whether other measures, including the exercise of ownership rights, may be more suited to reduce the risk of continued norm violations, or whether such alternative measures may be more appropriate for other reasons. The Bank shall consider the full range of measures at its disposal and apply the measures in a coherent manner.”

Egil Matsen presented the discussions on the Ownership Committee and its position. The committee supports management’s view that the exercise of ownership rights is probably better suited to reduce the risk of future norm violations in this case.

The Executive Board had an exchange of views and endorsed the Ownership Committee’s position:

- NBIM was asked to include corruption risk in its exercise of ownership rights with respect to Saipem SpA. The company is not to be placed under observation.
- NBIM was asked to keep the Executive Board updated on the exercise of ownership rights with respect to Saipem SpA.
- The Council on Ethics is to be informed of the decision.
- The Governor was authorised to set a date for publishing the decision.

**77/2017 Recommendation from the Council on Ethics of 8 December 2016 (2) on exclusion of a company**

Discussion                      Memo from the Ownership Committee of 3 April 2017  
documents:

Norges Bank has received a recommendation from the Council on Ethics to exclude the company PetroChina Co Ltd. The recommendation was based on the risk of the company being responsible for gross corruption, cf. the conduct-based criterion in section 3(1)(e) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global.

Section 6 of the guidelines states that “the Bank shall consider whether other measures, including the exercise of ownership rights, may be more suited to reduce the risk of continued norm violations, or whether such alternative

measures may be more appropriate for other reasons. The Bank shall consider the full range of measures at its disposal and apply the measures in a coherent manner.”

Section 6(4) adds: “Observation may be decided when there is doubt as to whether the conditions for exclusion are met or as to future developments, or where observation is deemed appropriate for other reasons”.

Egil Matsen presented the discussions on the Ownership Committee and its position.

The Executive Board had an exchange of views and endorsed the Ownership Committee’s position:

- PetroChina Co Ltd is to be placed under observation.
- The Council on Ethics is to be informed of the decision.
- The Governor was authorised to set a date for publishing the decision.

**78/2017 Recommendation from the Council on Ethics of 8 December 2016 (1) on exclusion of a company**

Discussion Memo from the Ownership Committee of 21 April 2016 documents:

Norges Bank has received a recommendation from the Council on Ethics to exclude the company Leonardo SpA. The recommendation was based on the risk of the company being responsible for gross corruption, cf. the conduct-based criterion in section 3(1)(e) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global.

Section 6 of the guidelines states that “the Bank shall consider whether other measures, including the exercise of ownership rights, may be more suited to reduce the risk of continued norm violations, or whether such alternative measures may be more appropriate for other reasons. The Bank shall consider the full range of measures at its disposal and apply the measures in a coherent manner.”

Section 6(4) adds: “Observation may be decided when there is doubt as to whether the conditions for exclusion are met or as to future developments, or where observation is deemed appropriate for other reasons”.

Egil Matsen presented the discussions on the Ownership Committee and the committee’s position.

The Executive Board had an exchange of views and endorsed the Ownership Committee’s position:

- Leonardo SpA is to be placed under observation.
- The Council on Ethics is to be informed of the decision.
- The Governor was authorised to set a date for publishing the decision.

**79/2017 GPF – Expectations on tax and transparency**

Discussion Memo from NBIM of 31 March 2017  
documents:

Yngve Slyngstad presented the topic and the draft expectations document.

The Executive Board decided that a letter with enclosure should be submitted to the Ministry of Finance in line with the attached draft. The Governor was authorised to finalise the letter based on the Executive Board's comments.

**80/2017 GPFG – Publication of results for Q1 2017**

Discussion Memo from NBIM of 30 March 2017  
documents:

Yngve Slyngstad and Dag Huse introduced the topic.

The Executive Board took note of the provisional results for the GPFG for the first quarter of 2017. The provisional results are to be published on 7 April 2017.

**81/2017 Briefing on current issues in investment management**

Yngve Slyngstad gave a briefing on current issues in investment management.

**82/2017 Minutes of the Executive Board meeting of 14 March 2017**

The Executive Board approved the minutes of its meeting of 14 March 2017.

**83/2017 Supervisory review of the management of physical security at Norges Bank's overseas offices**

Discussion Memo from the General Secretariat of 31 March 2017  
documents:

Birger Vikøren introduced the topic.

The Executive Board took note of the report from the supervisory review of the management of physical security at Norges Bank's overseas offices.

**84/2017 Briefing on the current monetary situation**

Jon Nicolaisen gave a briefing on economic developments since the rate-setting meeting on 14 March 2017.

**85/2017 Annual report on Norges Bank's settlement system for 2016**

Discussion Memo from Markets and Banking Services of 20 March 2017  
documents:

Kjetil Heltne presented the main elements of the report, including the risk outlook and risk-reducing measures.

The Executive Board took note of the annual report on Norges Bank's settlement system for 2016.

**86/2017 Annual report on notes and coins for 2016**

Discussion Memo from Markets and Banking Services of 17 March 2017  
documents:

Leif Veggum presented developments and the main elements of the report.

The Executive Board took note of the annual report on notes and coins for 2016.

**87/2017 Withdrawal of series VII NOK 100 and NOK 200 banknotes**

Discussion Memo from Markets and Banking Services of 24 March 2017  
documents:

With reference to section 15(1) of the Norges Bank Act, the Executive Board issued a regulation on the withdrawal of means of payment. The regulation requires the NOK 100 and NOK 200 denominations of series VII banknotes to be withdrawn from circulation and cease to be legal tender from 30 May 2018.

**88/2017 Supervisory review of Norges Bank's role as issuer of notes and coins**

Discussion Memo from the General Secretariat of 31 March 2017  
documents:

The Executive Board took note of the supervisory report on Norges Bank's role as issuer of notes and coins.

**89/2017 Briefing on current issues in Central Banking Operations**

The Governor gave a briefing on current issues in Central Banking Operations.

**90/2017 Any other business**

There was no other business.

Executive Board members:

Executive Board alternates:

Employee representatives in respect of items 82-83: