

PRINCIPLES FOR ORGANISATION AND MANAGEMENT OF NBIM

Laid down by Norges Banks Executive Board 8 June 2011

1. DELEGATION OF RESPONSIBILITY

Norges Bank (“the Bank”) is entrusted with the task of managing several portfolios. The Bank is responsible through a separate assignment for the management of the Government Pension Fund Global. Furthermore, Norges Bank manages the foreign exchange reserves through its function as a central bank and owner of the reserves.

Norges Bank’s Executive Board is responsible for the overall management of the funds in accordance with the Ministry of Finance’s mandate for management of the Government Petroleum Fund Global and the Norges Bank Act. The responsibility for the investment management activities is, in accordance with the Executive Boards powers as described in Act on Norges Bank (24 May 1985 no. 28), delegated to the Executive Director and Chief Executive Officer of NBIM (“the Executive Director”) through investment mandates for each fund under management. No investment decisions with respect to individual holdings or companies will be taken or influenced by the Executive Board.

The Executive Director is further delegated the responsibility for all activities, including the management, operation and development of NBIM, to support the strategic objectives with respect to assets under management. The Executive Director has the professional and administrative responsibility for NBIM and shall develop and maintain an appropriate organisation to support NBIM’s investment strategy in accordance with the principles established by the Executive Board.

2. ORGANISATION OF NORGES BANKS INVESTMENT MANAGEMENT ACTIVITIES

The investment management activities shall be organised as a separate wing of the Central Bank: Norges Bank Investment Management (NBIM). NBIM is part of the Central Bank and shall comply with the laws and regulations applicable to the Bank.

The Central Bank’s governance structure shall reflect the different nature and characteristics of the investment management activities that Norges Bank has been entrusted with. Norges Bank shall organize its investment management activities to reflect the recognised standards for the division of responsibilities between the board and the company’s executive officers and administration.

The Executive Board shall issue a job description for NBIMs Chief Executive Officer. NBIMs Executive Director reports directly to Norges Bank’s Executive Board.

The Executive Director of NBIM shall not take part in discussions by the management of Norges Bank concerning monetary and credit policy issues or international organisations’ assessments of such issues. NBIM employees shall, to the extent possible, not have access to confidential information from other parts of Norges Bank.

NBIM shall be organised in way that ensures that the organisation fulfils its mission to safeguard and build wealth for future generations, within the framework of the mandate given by the fund owners. NBIM shall be organised to ensure an appropriate management structure, including adequate risk and control systems and procedures, appropriate for the funds and portfolios under management. The organisational structure shall be based on proper segregation of duties, delegated authority and defined areas of responsibility. Delegation of investment authority shall be documented through investment mandates.

3. SECURITIES LITIGATION

Norges Bank may participate in class actions and any direct actions to safeguard the Bank's interests as a shareholder or bondholder relating to NBIM's area of operation.

Cases which the Executive Director of NBIM believes raise special issues with respect to the Bank's reputation, or which are in some other way of particular scope or of fundamental importance, shall be referred to the Executive Board for a decision.

4. REPORTING

Norges Banks Executive Board shall be informed about the investment management activities and the developments of NBIM as an organisation through regular reporting. Such reporting shall include information of all significant matters relating to funds under management and as a minimum include:

1. Quarterly and annual reports on the investment management activities, in accordance with the requirements laid down by the Ministry of Finance
2. Status of investment management activities, as follows:
 - a) Monthly reporting of:
 - i. Status with respect to performance and investment risk for all funds and portfolios managed by NBIM
 - b) Quarterly reporting of:
 - i. NBIM's operational risk picture, including the status of effectiveness of internal control
 - ii. Utilization of limits for market risk, credit and counterparty risk in accordance with the risk limits as set out in the respective investment mandates
 - iii. Information about non-compliance with regulatory requirements and investment restrictions as set out in investment mandates
 - iv. Information on new markets and financial instruments implemented in the period
 - v. Information about companies excluded from the portfolios' investment universe
 - c) Annual reporting of:
 - i. The status of NBIM's effectiveness of Operational Risk and Internal Control
 - ii. Status on implementation and achievements with respect to strategic and annual action plans, budget and costs

- iii. Participation in, or active use of, securities litigations as well as other lawsuits and legal proceedings in which NBIM is involved
- d) The Executive Board must also without undue delay be informed about matters of particular importance or of an unusual nature, including:
 - i. Matters that are required to be reported to the Ministry of Finance accordance to the mandate for management of the Government Pension Fund, Chapter 8
 - ii. Significant changes and development of NBIM's organisation and investment management operations
 - iii. Significant changes in asset value or other relevant issues
 - iv. Ad hoc incident reporting in case of any significant or critical investment guidelines or regulatory breaches between the quarterly reports
- e) The CEO shall inform the Governor of matters that are of particular importance or need to be put before or decided by the Executive Board of Norges Bank.