

Norwegian Ministry of Finance
Boks 8008 Dep.
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The Government Pension Fund Global's investments in Russia

We refer to the Ministry of Finance's letter of 28 February 2022 with the decision to freeze all of the Government Pension Fund Global's (GPFG's) investments in financial instruments issued by Russian companies, the Russian state or entities linked to the Russian state with immediate effect and until further notice. The Ministry also decided that the fund's investment universe would no longer include Russia, and requested a proposal for a plan to sell off the GPFG's investments in Russia. Norges Bank replied in its letter of 15 March 2022 that it would return to the Ministry with a recommendation on the lifting of the freeze and a divestment plan once market conditions had normalised sufficiently for us to be able to propose such a plan.

In its letter of 24 November 2023, Norges Bank provided the Ministry with an update, noting the ever-widening regime of sanctions against Russia and the countermeasures taken by the Russian authorities. In the light of this, the Bank was still unable to propose a general divestment plan. In the letter, Norges Bank requested authorisation to sell a few securities that we had identified as possible to divest under the prevailing sanctions regime. We also stated that we would monitor market conditions and the equities in the portfolio, and would return to the Ministry if conditions changed to the point where we would be in a position to propose a plan for complete divestment.

The value of the GPFG's Russian equity portfolio was estimated to be NOK 1.5 billion at the end of June 2024. In addition, the fund has around NOK 3.2 billion in rubles in our custodian Citibank's account with the Russian National Settlement Depository (NSD). This consists of dividends received in the period since February 2022.

Sanctions against Russia and countermeasures from the Russian authorities have escalated further in 2024. It is still not possible to draw up a general plan for the divestment of our Russian portfolio. An approach where Norges Bank is able to undertake isolated transactions if and when divestment opportunities arise is currently the only way for Norges Bank to sell off parts of the Russian portfolio. Norges Bank therefore requests the Ministry's authorisation to make such divestments where this is

possible under applicable sanctions rules. Such an approach to seizing divestment opportunities would mean an end to the general freeze on the fund's investments in Russia.

We would stress that opportunities to sell Russian securities are currently very limited. Any sales of securities by Norges Bank will need to comply with applicable sanctions, including requirements for the buyers of the securities. We will also need to take account of the fund's interests more generally. We will keep the Ministry informed of changes to the portfolio, and if market conditions change significantly with the result that Norges Bank can again consider a more general divestment plan.

Yours faithfully

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