



# The Chair's report

“Ethics”, according to the Norwegian Encyclopaedia, has the purpose of “studying how one ought to act, and to understand the terms we use when we assess actions, actors, and the outcome of actions”. This never ending endeavour continues indefatigably regardless of the disasters that befall us.

2020 brought a global pandemic that naturally presented The Council on Ethics' with a set of obstacles in light of our activities. A number of companies currently under observation could not be visited after mid-March. New field studies planned for 2020 have also been postponed. Overall, however, The Council continued to operate almost as normal. We have been able to draw on work commenced prior to 2020. The Council is also privileged with an exceptionally competent and conscientious Secretariat.

Last year, the first recommendations were finally issued under the climate criteria, previous uncertainties having been resolved. We also issued our first recommendation concerning norm violations linked to the sale of mass surveillance equipment. Work regarding textiles manufacturers is approaching the bottom of the pile. Many of these companies may seem small, but their customers are among the most well-known global brands, in which the GPFG is also invested, and on which we have reason to believe that our efforts are having an instructive effect. In 2020, we issued more recommendations under the criterion “serious violations of the rights of individuals in war or conflict situations” than we have for a long time. Our assessment of companies' contribution to such infringements has been central in these cases. These can be extremely difficult assessments to make, but when all is said and done, someone has to make them.

On the basis of the ethical risks we have uncovered in our work on companies' recruitment practices, we fear that migrant workers may be exposed to widespread norm violations. We have therefore commissioned a major third-party investigation of companies involved in practices that may constitute forced labour or other forms of exploitation in the labour market. We will enjoy the fruits of this work for many

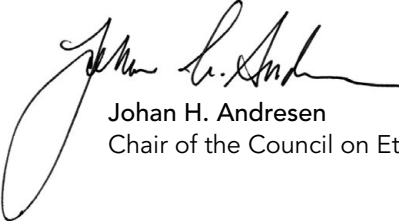


years to come. It will undoubtedly be in the self-interest of both companies and countries, although countries are not our direct concern, to behave more responsibly in this area if they wish to retain the favour of investors.

In the spring of 2019, a public commission was set up to evaluate the GPFG's ethical guidelines. Two members of the Council on Ethics sat on the Commission, while two people from the Council's secretariat also served in the Commission's secretariat and spent a significant amount of time on this work. The Commission's report, NOU 2020:7 "Values and responsibility" has been circulated for comments, and the Council has also submitted its own response. We believe that the majority of the Commission's recommendations are constructive and can be easily operationalized. However, given the Council's independence, a few warrant further clarification.

NBIM's strategy of increasing its degree of active ownership, including divesting its entire holding of shares in several smaller companies, will have an impact on the Council's work. We assume that the ethical risk incurred by the GPFG will fall slightly as a result of this move. At the same time, the Council's resources will be somewhat more concentrated on longer processes involving larger companies. We further assume that small companies, with advanced technology but an unknown sense of ethical direction, will remain in the GPFG, which will test our ability to assess the risk of future norm violations. In addition, the GPFG will also continue to be exposed to a large number of emerging markets, to which new ones may be added, the Council will not become superfluous any time soon.

Because ethics never rests. And nor does the Council on Ethics.



Johan H. Andresen  
Chair of the Council on Ethics