



Foreword by the Council's chair

The world is constantly changing, yet there is little variation year on year in the potential norm violations and risks assessed by the Council on Ethics. However, looking back at my eight years as chair of the Council, the changes are more noticeable.

The operationalisation of the updated ethical guidelines and new criteria has had a major impact on our work in 2022. A new criterion relating to the sale of weapons has resulted in several recommendations linked to the sale of weapons to Myanmar. The criterion on corruption has been expanded to include other serious financial crime, such as money laundering. We will soon embark on the challenging task of assessing our first cases under the expanded criterion, and we know that outside expectations in this area are high. Work on this criterion will be extensive, even though it may not result in a large number of recommendation. The adjustment of our mandate, requiring even closer coordination with Norges Bank, has been useful in many ways, also with respect to implementing these changes.

If we search, we find. This is mostly the case for any deep dive into the majority of issues on our table. Over the past year, we have devoted considerable resources to labour rights, sometimes with a focus on forced labour, but we have also worked on companies' contribution to the infringement of freedom of expression and the violation of human rights through mass surveillance, as well as the rights of indigenous peoples. In 2022, like the year before, we assessed many cases relating to the violation of the rights of individuals in situations of war or conflict.

Many ethical problems are well known and are covered by the media worldwide. Yet, the highly publicised cases are not always the Council's main focus – at least not when the level of media attention is at its peak. When a country hosts a major sporting event, its human rights shortcomings are frequently the subject of much discussion. In such circumstances the spotlight is on companies in the Fund. The Council started investigating forced labour in the Gulf states in 2015, well before the spotlight was turned on, and we will continue to monitor developments well after the stadium lights have been turned off. However, there are many other countries across the world where migrant workers or minority groups are subjected to unacceptable conditions. The Council prioritises the most serious cases and the companies most closely associated with the norm violations.

With respect to the environment, we focus on activities that impact areas of particular importance for the world's natural heritage or that constitute an increased risk endangered species becoming extinct. Many of our cases relate to deforestation, various types of pollution or the harvesting of natural resources through, for example, mining or the construction of hydroelectric power schemes. Renewable energy is space-intensive to produce and creates new markets for rare minerals. The green transition could therefore cause increased pressure on the natural environment in the years to come. At the same time, there is growing international awareness of our shared global responsibility to protect nature and its bounty. In December 2022, Norway joined 195 countries in agreeing to the Kunming-Montreal Global Biodiversity Framework, which contains ambitious global goals and targets for the protection and restoration of nature. An innovative aspect of this agreement is that it contains clear goals for what business and the financial sector must do to help stop the loss of biodiversity. This could lead to the development of new norms and new systems for environmental impact monitoring and reporting in the years ahead.



When I became the Council's chair in 2015, the use of artificial intelligence in modern weapons systems posed a merely hypothetical risk of serious future norm violations. Yet even at that time, the Council voiced its concerns about lethal autonomous weapons systems. The first confirmed use of an autonomous drone in a theatre of war came in 2020. Wars of increasing intensity, like that in Ukraine, as well as geopolitical tension in Asia, may provide incentives for the accelerated development of such systems.

Lethal autonomous weapons systems are not currently included in the list of weapons that constitute grounds for exclusion from investment by the GPFG. Nor is the Council aware of any GPFG-related companies that produce such weapons.

Instead, rapid technological progress has also brought the mass surveillance sector to the Council's attention. It represents a permanent and growing risk of contributing to serious norm violations. Such products and services infringe many fundamental rights and may contribute to detention on political grounds, torture and murder in the service of the state. Mass surveillance which enables states to perpetrate such human rights violations may be performed by means of equipment and services supplied by companies in which the GPFG is a shareholder. The intrusion of algorithms into our daily lives through the products and services supplied by GPFG-related companies will probably become a new topic for the Council. In this field, regulations are underway, but they are mostly regional in nature and their implementation is slow. The Council can therefore be a part of driving forward these emerging norms for responsible business conduct.

This is the last foreword that I will write for the Council's annual report. It has been a great privilege for me to chair the Council on Ethics for more than eight years. Very few positions in Norway offer the opportunity to make a real difference in the world – and to do so together with a team of highly dedicated professionals at the Ministry of Finance, Norges Bank and the Council on Ethics. I would particularly like to commend the Council's secretariat, who perform their mission in an exemplary fashion, and on whose tireless efforts we are all entirely dependent. In 2015, the set-up of our institutions had just been amended. This resulted in a challenging process of hammering out demarcation lines, increasing transparency and settling on the roles and responsibilities for initiating cases. But with the good will of all parties, and a growing understanding of the fact that we are all part of a joint effort, I believe that we have succeeded in creating a solid platform for our collaboration and its further development. We have all strengthened our respective teams. And, yes, people do make a difference.

Nevertheless, one question still lingers, and perhaps it always will; is the threshold for exclusion too high? When the level of responsible behaviour expected of GPFG-related companies and of those who invest in them increases, should the Council on Ethics – in the exercise of its mandate – adjust the threshold correspondingly? We constantly question whether our threshold is in line with these expectations. It is a tough job, but someone's got to do it.