

---

# NORGES BANK'S SUPERVISORY COUNCIL REPORT FOR 2022

---

DOCUMENT NO. 9 (2022–2023)





---

---

# NORGES BANK'S SUPERVISORY COUNCIL REPORT FOR 2021

Document No. 9 (2022–2023)

---



## TO THE STORTING

Norges Bank's Supervisory Council has a statutory duty to submit a statement to the Storting at least once a year on its supervision of the Bank.

This report presents the Council's resolutions and supervision of Norges Bank's activities for 2022.

The Council's responsibilities are set out in the Central Bank Act. The Council is to supervise the operation of Norges Bank and monitor its compliance with the provisions governing its activities. The management of the Government Pension Fund Global (GPF) is a key task for the Bank and is therefore to be covered by the Council's supervision. The Council is to ensure that the Executive Board's governance and control of the Bank's management and activities are adequate, and that appropriate procedures have been established to ensure that the Bank's activities are conducted in accordance with statutes, agreements, decisions and other regulatory provisions.

The Council has adopted Norges Bank's annual financial statements for 2022 prepared by the Executive Board, and approved Norges Bank's budget for 2023 proposed by the Executive Board.

This Report to the Storting was approved at the meeting of 9 March 2023.

Oslo, 31 March 2023

Julie Brodtkorb



# CONTENTS

---

<b>Summary and main conclusions</b>	<b>6</b>
Executive summary of the report	7
Main conclusions	9
<b>1 Supervision of Norges Bank in 2022</b>	<b>10</b>
1.1 Supervisory role, mandate and implementation	11
1.2 Supervision of the Executive Board's governance and control	13
1.3 Supervision of tasks common to the operational areas	19
1.4 Supervision of NBCBO	23
1.5 Supervision of the management of the Government Pension Fund Global (GPF)	26
1.6 The Supervisory Council's role at bodies associated with Norges Bank	30
<b>2 Norges Bank's annual financial statements and budget</b>	<b>32</b>
2.1 Norges Bank's annual financial statements	33
2.2 Norges Bank's budget	36
<b>3 Other tasks under the Council's mandate</b>	<b>40</b>
3.1 Appointment of employee representatives to the Executive Board	41
3.2 Instructions relating to Risk Management and Internal Control at Norges Bank – consultation response	42
3.3 NOU 2022:12 "The Fund in a changing world" – consultation response	43
<b>4 Priorities for future work</b>	<b>44</b>
<b>5 Norges Bank's Supervisory Council's organisation of its work</b>	<b>46</b>
5.1 Organisation of supervision	47
5.2 The Supervisory Council's activities in 2022	49
5.3 The Supervisory Council's expenditure in 2022	53
5.4 The Supervisory Council's members	55
Profiles of Council members	56
Office of the Supervisory Council	59

---

---

# SUMMARY AND MAIN CONCLUSIONS

---

## EXECUTIVE SUMMARY OF THE REPORT

Norges Bank's Supervisory Council is a body of Norges Bank which is appointed by the Storting – the Norwegian parliament. The Council supervises the operation of Norges Bank and monitors the Bank's compliance with the provisions governing its activities. The Council's duties and responsibilities are set out in the Act relating to Norges Bank and the Monetary System etc (Central Bank Act). The Council's supervision also covers the management of the Government Pension Fund Global (GPF), which is a substantial task for the Bank and is to be carried out in accordance with applicable legislation and a mandate issued by the Ministry of Finance.

Norges Bank's Executive Board is responsible for the management and operation of the Bank and ensuring sound, effective and efficient organisation of the Bank.

The Supervisory Council presents its assessment of the Executive Board's governance and control of Norges Bank for 2022 in this report. The priorities for supervision in 2022 were discussed in a separate chapter of last year's report, Document No. 9 (2021-2022).

In 2022, the Executive Board considered eight periodic reports on operational risk management, internal control and compliance from the Bank's two operational areas: Norges Bank Central Banking Operations (NBCBO) and Norges Bank Investment Management (NBIM).

The Council has considered risk exposure and internal control at Norges Bank for 2022 and finds that processes and reporting have been established that meet the requirements of the Central Bank Act, the Instructions relating to Risk Management and Internal Control at Norges Bank and the Management Mandate for the Government Pension Fund Global.

The Executive Board's summary assessment is that:

- Internal control at Norges Bank has been carried out in a satisfactory manner.
- Estimated operational risk exposure at NBIM remained within the risk tolerance defined by the Executive Board during the year.
- Operational risk exposure within the Governor's area of responsibility was acceptable over the course of the year.
- The Board's composition and expertise enable it to successfully fulfil the requirements of the regulation.

A number of adjustments were made to the overarching governance framework for Norges Bank in 2022. The Ministry of Finance updated the rules on risk management and internal control at the Bank, and the Supervisory Council submitted a consultation response on the proposed new rules. The Executive Board made changes to the job descriptions for the Governor and the CEO of NBIM.

When considering the proposed new job descriptions, the Council stressed the importance of clear and unambiguous division of responsibilities between the Executive Board, the Governor and the CEO of NBIM, and that this may be particularly important in a crisis.

The Executive Board introduced new principles for HR, and the existing principles for risk management and internal control, security, financial management, responsible investment, ethics and remuneration were updated and adjusted. The calculation of remuneration for employees at NBIM was a topic at several of the Council's meetings in 2022. When considering the updated remuneration principles, the Supervisory Council emphasised the importance of Norges Bank's reputation, the correct interpretation of laws and regulations, the budgetary consequences and the need for transparency on remuneration. An assurance engagement looking at remuneration arrangements at Norges Bank concluded that the implementation of its remuneration schemes essentially complies with the Securities Fund Regulation and Section 5-2 of the Management Mandate for the GPF.

Norges Bank is working systematically to achieve gender balance and has set an objective of at least 40% representation of each gender in the Bank as a whole. At the end of 2022, 35% of the Bank's employees were women. The Executive Board writes in its annual report that it is not satisfied with the overall gender balance at the Bank and will be closely monitoring work on achieving the target level.

In its periodic reporting, the Executive Board stated that parts of the organisation have had a heavy workload over time, and that there is a risk in the current labour market that it will not be possible to recruit and retain the necessary expertise. The Council asked a number of questions and received replies concerning the challenges around the resourcing situation. Salary levels and other matters

affecting employees were another topic prioritised by the Council.

All of the supervisory reviews planned for 2022 were completed.

In 2021, the Council engaged the consulting firm Mercer Sentinel to carry out an assessment of Norges Bank's management of operational risk in its activities, based on the firm's experience of what is considered good market practice. The main conclusion was that Norges Bank has operational processes that reflect the Bank's size and complexity. A number of areas were identified where action was recommended to reduce operational risk. In 2022, more detailed investigations were carried out looking specifically at IT systems and controls. The main conclusion in the report is that no significant shortcomings were identified in IT processes, procedures or controls at either NBCBO or NBIM.

The Supervisory Council also discussed cash as a means of payment to ensure that Norges Bank and the Executive Board meet the requirements for an efficient supply of cash as required by the Central Bank Act. The review shows how important it is for Norges Bank itself to have staff with expertise in this area.

There was a supervisory review of cost efficiency in investment management and a review of NBIM's use of external portfolio managers. Both reports were forwarded to the Executive Board for feedback. Due to deadlines and meeting schedules, the Board's response will not be considered by the Council until June 2023 and will therefore be discussed in next year's report, Document No. 9 (2023-2024).

The Supervisory Council received and considered two annual assurance reports from the external auditor, one on the government's accounts at Norges Bank and one on accounting and payments in the management of government debt. The Council took note of the reports and forwarded them to the Ministry of Finance.

The Council monitored the Executive Board's follow-up of the employment contract with the CEO of NBIM in line with Recommendation 590 S (2020-2021). One breach of internal guidelines was identified. This was considered immaterial by NBIM's compliance unit. The Council received further information at a meeting and on this basis took note of the Executive Board's annual follow-up of the employment contract for the CEO of NBIM.

In connection with the reporting for the first half of the year, higher salary growth was reported at NBIM than budgeted. The Council considers it important to be informed of important changes during the year to the premises underlying the approved budget. This information must be provided without undue delay.

The Supervisory Council approved Norges Bank's budget for 2023 as prepared and proposed by the Executive Board. The Council minuted that further growth in the number of employees and in operating expenses in subsequent budgets and beyond that budgeted for 2023 will require special justifications and cost/benefit analyses. The Council's minutes also state that the Council considers cost efficiency and economies of scale to be important, especially in a period in the Norwegian economy characterised by uncertainty for many firms and workers.

The Supervisory Council considered the Executive Board's annual report for Norges Bank and adopted the annual financial statements for 2022 prepared by the Board. The Council took note of the external auditor's report. Norges Bank had equity of NOK 270bn on 31 December 2022, compared with NOK 289bn on 31 December 2021. In accordance with the Guidelines on Provisions and Allocations of Norges Bank's Profit, NOK 8bn will be transferred to the Treasury.

The Supervisory Council has taken note of Norges Bank's annual report on the management of the Government Pension Fund Global for 2022, including the Executive Board's assessment of the results and the auditor's report.

There is geopolitical uncertainty and a need for increased vigilance in society as a whole. The Council's supervisory work requires it to have sufficient expertise to be able to confirm that Norges Bank is taking account of developments in its planning and operations. Partly for this reason, the Council has decided to have preparedness as the overarching theme of its supervisory work in 2023. Investigations in 2023 will be wide-ranging and include preparedness for physical crises, financial crises and extraordinary market events. Compliance with regulatory requirements, budgets and performance against targets will be given particular attention and included in ongoing supervisory work.

## MAIN CONCLUSIONS

Norges Bank's Supervisory Council has a statutory duty to submit a statement to the Storting at least once a year on its supervision of the Bank.

The Council received all of the information that it requested for 2022. Its supervision did not uncover anything meriting particular comments.

The minutes of all meetings of the Executive Board and the Monetary Policy and Financial Stability Committee were submitted to the Supervisory Council in accordance with the Central Bank Act. The minutes from the Monetary Policy and Financial Stability Committee were noted for information.

Based on the Council's supervisory work, its assessment is that the governance and control of Norges Bank's management and activities was performed in accordance with the requirements of the Central Bank Act, the Instructions relating to Risk Management and Internal Control at Norges Bank and the Management Mandate for the Government Pension Fund Global. Appropriate procedures have been established to ensure that these activities are conducted in accordance with statutes, agreements, decisions and other regulatory provisions.

---

---

SECTION 1

SUPERVISION OF  
NORGES BANK IN 2022

---

The Supervisory Council is appointed by the Storting to supervise Norges Bank. The Central Bank Act requires the Council to submit to the Storting an assessment of the Executive Board's governance and control of the Bank's management and activities, and an account of completed supervisory activities both in general and specifically in respect of investment management. This chapter presents the Council's supervisory role and the implementation of its supervision of Norges Bank.

## 1.1 SUPERVISORY ROLE, MANDATE AND IMPLEMENTATION

### MANDATE AND FRAMEWORK FOR SUPERVISION

The Supervisory Council is one of three governing bodies at Norges Bank under Section 2-1 of the Act relating to Norges Bank and the Monetary System etc (Central Bank Act): "Norges Bank shall have an Executive Board, a Monetary Policy and Financial Stability Committee and a Supervisory Council."

Besides the Central Bank Act, the overarching regulatory framework for Norges Bank comprises the Instructions relating to Risk Management and Internal Control at Norges Bank (Internal Control Instructions) and the Management Mandate for the Government Pension Fund Global (GPF) laid down by the Ministry of Finance.

The Council's supervision covers the operation of the Bank and compliance with the provisions governing the Bank's activities, and focuses particularly on the Executive Board having adequate governance and control of the Bank's management and activities. The Council is also to supervise whether appropriate procedures have been established to ensure that the Bank's activities are conducted in accordance with statutes, agreements, decisions and other regulatory provisions.

The minutes of all Executive Board meetings are to be sent to the Council. These minutes constitute the top tier of documents covered by the Council's supervision. As part of its consideration of items at its meetings, the Council may request further information on the content of the minutes. One of the aims of the Council's supervision is to help ensure that the Executive Board establishes sound processes and control procedures. This is achieved particularly by ensuring that resolutions passed by the Council in keeping with its role are considered and assessed by the Board.

The rules of procedure for the Monetary Policy and Financial Stability Committee state that the Committee "is responsible for Norges Bank's role as executive and advisory monetary policy authority and for the use of policy instruments to attain the monetary policy objectives. The Committee shall contribute to the promotion of financial stability by providing advice and using the policy instruments at its disposal." The Council receives the minutes of the Committee's meetings for information but does not comment on the Committee's proceedings and decisions.

Nor does the Council's supervision extend to the exercise of discretionary powers by the Executive Board or the Committee. The supervision of the operation of the Bank may nevertheless cover processes and documents at the Bank that form the basis for advice and the exercise of discretionary powers. The Council is kept informed about the Bank's work in these areas.

### INSTRUCTIONS RELATING TO RISK MANAGEMENT AND INTERNAL CONTROL

When the new Central Bank Act was passed in 2019, the existing Regulation on Risk Management and Internal Control at Norges Bank from 2009 was retained. In 2022, the Ministry of Finance saw reason to update some of its provisions, and a new set of rules entered into force from 1 July 2022: the Internal Control Instructions. The new instructions were issued pursuant to the Central Bank Act.<sup>1</sup>

The Supervisory Council submitted a consultation response to the Ministry where it stressed that the new instructions must take account of the Executive Board's responsibilities under the Central Bank Act, in particular for governance, control and compliance – see Section 3.2 below.

The Executive Board's overall responsibility for the management and operation of Norges Bank as set out in the Central Bank Act is unchanged. Nor do the adjustments in the new instructions entail any changes to the Supervisory Council's responsibility to conduct supervision under Section 2-17 of the Central Bank Act.

### REQUIREMENT FOR REAL AND INDEPENDENT SUPERVISION

The Supervisory Council must collectively have expertise in a wide range of areas. Norges Bank plays an important and complex role in society. The Council attaches importance to an understanding of the Bank's activities, obtains assessments that are independent of the Bank's own governing and controlling bodies, and reports directly to the Storting. The documentation that forms the basis for the Council's resolutions can be extensive and time-

consuming to absorb. It is crucial for the consideration of items that this information provides a sufficiently complete and correct picture. In addition, members must receive information in good time for them to be able to prepare for meetings to ensure the most efficient possible consideration of items.

A large volume of items and limited time at meetings could mean that questions relevant to supervision are not asked and items in reality are not considered. Lengthy and complex projects at Norges Bank, globalisation, digitalisation and requirements for efficient use of resources are adding to the demands on the Council's deliberations.

For the Council to have the most accurate possible risk picture, it is crucial that information on governance, compliance and internal control is complete, clear and up-to-date. The Council's role and responsibilities at Norges Bank mean that the Bank's reporting, governance and risk frameworks, processes and compliance are assessed independently of the Executive Board, management and the Bank's own control units.

**IMPLEMENTATION OF SUPERVISION**

The methodology for and execution of supervision have evolved over time. The Council's supervision of Norges Bank's activities is based primarily on a review of the minutes of the Executive Board's meetings, reports,

memos and other documents at its meetings. Decisions on specific items and any follow-up may involve further supervisory work, ongoing supervision or separate reviews.

One key prerequisite for credible supervision is set out in the Central Bank Act: "The Supervisory Council shall be entitled to access all information relating to the affairs of Norges Bank and may conduct such enquiries as it deems necessary for the performance of its duties under the Act."

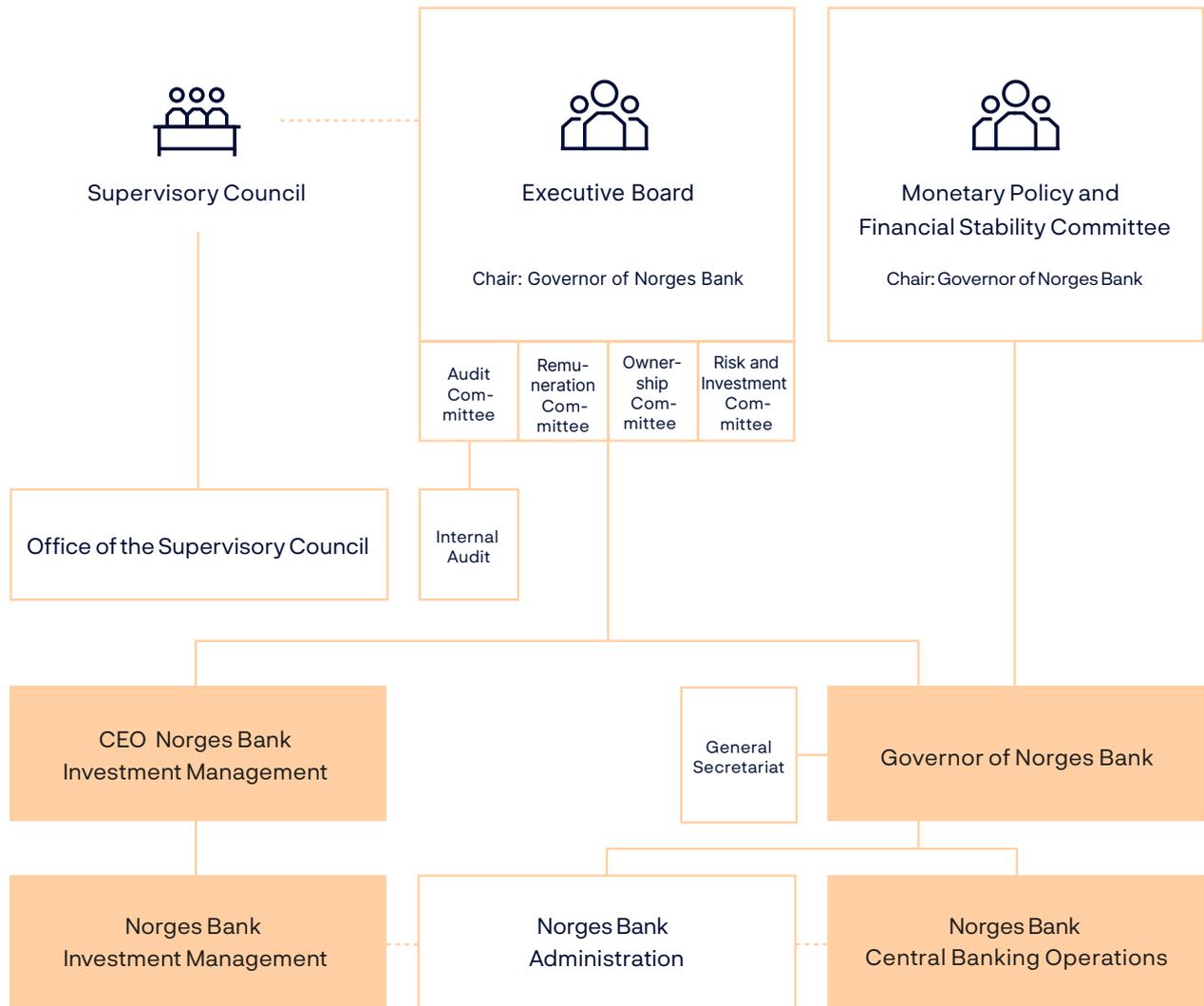
The Council's supervision of the Bank's activities builds on its own assessments of risk and materiality. In its supervision, the Council focuses on the Bank being run in accordance with the applicable regulatory framework, the management of resources being targeted and efficient, and external reporting on the Bank's activities being accurate and reliable. It also focuses on the reputational and financial risk should the Bank's activities not be carried out in accordance with applicable laws and rules.

The Council's supervision assesses compliance with statutory duties relating to governance, internal control, working processes and Norges Bank's organisation. The Council needs to be given comprehensive information about the governance and control mechanisms that the central bank has established, including the scope and quality of policy documents, and about the work of both the internal control and compliance functions and Internal Audit.

**FIGURE 1 SUPERVISORY PROCESSES AND REPORTING**



**FIGURE 2** ORGANISATION CHART FOR NORGES BANK AS AT JANUARY 2023



Based on the approved annual supervision plan, the Office of the Supervisory Council performs ongoing supervision, investigations and supervisory reviews in specific areas. During the course of the year, the Council may also approve additional assurance engagements conducted in accordance with international standards and launch special inquiries where relevant. The Council receives reports from such supervisory reviews and assurance engagements.

### 1.2 SUPERVISION OF THE EXECUTIVE BOARD'S GOVERNANCE AND CONTROL

The Executive Board is responsible for the management and operation of the Bank and must ensure sound, effective and efficient organisation of the Bank. It is also to adopt plans and guidelines for the Bank's activities. The general managers – the Governor and the CEO of Norges Bank Investment Management – are to establish, operate and monitor an adequate risk management and internal control system within each of their areas of responsibility in accordance with guidelines from the Executive Board.<sup>2</sup> The Governor chairs the Executive Board.

The Bank is organised into two operational areas – Norges Bank Central Banking Operations (NBCBO) and Norges Bank Investment Management (NBIM) – and the central administrative area Norges Bank Administration (NBA).

2022 saw a number of changes to the Bank's senior management. The King in Council appointed Ida Wolden Bache as Governor of Norges Bank and chair of the Executive Board and the Monetary Policy and Financial Stability Committee from 1 March 2022 after Øystein Olsen retired on 28 February 2022.

She also continued to serve as Deputy Governor with special responsibility for NBCBO until the end of August. Pål Longva was appointed Deputy Governor of Norges Bank with special responsibility for NBCBO from 29 August 2022. Øystein Børsum was appointed Deputy Governor of Norges Bank with special responsibility for Norges Bank's management of the Government Pension Fund Global (GPF) from 2 August 2021. All of these appointments were for a term of six years.

The Central Bank Act states that the Governor is the general manager of Norges Bank. The Governor's duties as general manager do not include "matters relating exclusively to the day-to-day management of Norges Bank's management of the Government Pension Fund Global."<sup>3</sup> The Governor's area of responsibility consists of NBCBO and NBA. NBCBO has four departments: Monetary Policy, Financial Stability, Markets and IT. NBA is an administrative area which provides central administrative services and support functions for the whole of Norges Bank on behalf of the Governor. These include human resources, communications, physical security and personnel security. As these are relevant to both operational areas, NBA's work is covered separately in Section 1.3 below.

The Executive Board is responsible for the Bank's management of the GPF and appoints a separate general manager (CEO) of NBIM.<sup>4</sup> NBIM is organised into the following areas: Technology and Operations, Real Assets, Risk, Governance and Compliance, Asset Strategies and Equities. The Bank has international offices in London, New York, Shanghai and Singapore, and has subsidiaries in Tokyo, Paris and Luxembourg in connection with NBIM's real estate investments.

#### THE EXECUTIVE BOARD'S SUBCOMMITTEES

The Executive Board has established four preparatory and advisory subcommittees with their own mandates set by the Executive Board: an Audit Committee, a Risk and

Investment Committee, a Remuneration Committee and an Ownership Committee. The members of the subcommittees are appointed mainly from among the external members of the Executive Board. The Council has received the mandates for all of the subcommittees and noted them for information. The Executive Board has also provided information on the appointment of members to the subcommittees.

The Audit Committee comprises three of the external members of the Executive Board, as required by the Central Bank Act. The committee is to help strengthen and increase the efficiency of the Executive Board's work on monitoring, oversight and control of financial reporting, operational risk, compliance and systems for risk management and internal control. Its duties include preparing items concerning Internal Audit's plans and reporting.

The Council holds a meeting with the chair of the Audit Committee annually. Information is provided on the committee's work and its view of risk management and internal control at Norges Bank, and on the Executive Board's audit plan for Internal Audit. These meetings give the Council an insight into the Board's overall work on risk management and internal control.

The Supervisory Council has noted for information the statement from the chair of the Audit Committee, the Executive Board's annual plan for Internal Audit for 2023, and the Executive Board's long-term plan for Internal Audit for 2023-2026.

The Council monitors the Board's work on compliance with limits, performance against plans and targets, and governance and control of processes and functions. The Council also monitors whether Norges Bank addresses general risks that apply to society as a whole and could impact on the central bank's performance of its duties and achievement of its objectives.

#### THE EXECUTIVE BOARD'S OVERARCHING GOVERNANCE FRAMEWORK

The Central Bank Act states that the Executive Board is responsible for the management and operation of Norges Bank with the exception of matters that are assigned to the Monetary Policy and Financial Stability Committee. The Internal Control Instructions stipulate that the Executive Board is to "ensure sound, effective and efficient organisation of Norges Bank and that its risk management and internal control are appropriate". The Internal Control Instructions further require that the general managers –

the Governor and the CEO of NBIM – establish, operate and monitor an adequate risk management and internal control system within each of their areas of responsibility in accordance with guidelines from the Executive Board. The Executive Board has laid down principles for risk management and internal control both for Norges Bank as a whole and specifically for NBCBO and NBIM.

A number of internal governance documents have also been issued to manage and clarify duties and responsibilities. The Executive Board and the Monetary Policy and Financial Stability Committee have adopted their own rules of procedure. A document setting out the principles for the division of responsibilities between the Executive Board and the Committee has also been adopted.

The Executive Board adopts general rules for the whole of Norges Bank's activities, Internal Audit and the individual operational areas, but may also delegate the issuance of general rules to the Governor. The Governor issues guidelines for NBA and NBCBO, and the CEO of NBIM issues guidelines for NBIM.

## CHANGES TO THE EXECUTIVE BOARD'S GOVERNANCE FRAMEWORK IN 2022

The Executive Board's governance framework is updated regularly following changes to laws, mandates and other rules covering the Bank's activities. Adjustments may also be made in the light of observations and recommendations from the Supervisory Council's supervision. The Council is informed about any new or updated high-level governance documents, either through the submission of the document itself or through compliance reporting. The Council receives information on the background to significant changes at its meetings and notes for information the Executive Board's proposed governance framework. There were a number of changes to the Board's governance framework in 2022. The job descriptions for both general managers were adjusted, as were several sets of general principles.

### CHANGES TO THE JOB DESCRIPTIONS FOR THE GOVERNOR AND THE CEO OF NBIM

The changes made to the Executive Board's governance framework in 2022 included adjustments to the job descriptions for the Governor and the CEO of NBIM. These adjustments were in response to two Internal Audit reports on topics relating to the governance model. The Ministry of Finance was informed of the proposed changes to the job description for the CEO of NBIM. The

adjustments consisted mainly of clarifying the responsibilities and division of responsibilities between the Governor and the CEO of NBIM. Responsibility for personnel security, personal protection and physical security, previously part of the Governor's day-to-day management responsibilities, was divided such that the CEO of NBIM now has responsibility for these areas in activities relating to the management of the GPFG.

When considering this item, the Council had questions about the consequences of the changes to the job descriptions, including in relation to the One Bank strategy, and what it was about the Internal Audit reports that prompted the changes. The Council stressed the importance of clear and unambiguous division of responsibilities between the Executive Board, the Governor and the CEO of NBIM, and that this may be particularly important in a crisis.

The Supervisory Council noted for information the changes to the job descriptions for the general managers at Norges Bank.

### CHANGES TO THE PRINCIPLES FOR RISK MANAGEMENT AND INTERNAL CONTROL

The new Internal Control Instructions from the Ministry of Finance and the changes to responsibilities for security in the general managers' job descriptions resulted in a need to update several sets of principles issued by the Executive Board. The Executive Board updated the principles for risk management and internal control at Norges Bank as a whole, the separate principles for risk management and internal control at NBCBO and NBIM, and the Bank's principles for security.

Only minor changes were made to the Bank-wide principles, mainly relating to the updated wording in the Ministry of Finance's new Internal Control Instructions. In the case of NBCBO/NBA and NBIM individually, there was also a need to update the existing principles dating from 2013. NBIM's updated principles define climate risk and reflect the requirement in the management mandate for measurement methods and stress testing on the basis of climate scenarios.

### UPDATED PRINCIPLES FOR SECURITY AT NORGES BANK

In its "Overall assessment of risk and internal control at Norges Bank for 2021", the Executive Board wrote that NBIM's internal guidelines on contingency planning and crisis management had been co-ordinated with the

framework for NBCBO in order to ensure a joint approach to crisis management at Norges Bank. The Council wrote in its report to the Storting for 2021 that it is in favour of such co-ordination of internal frameworks. Co-ordination helps clarify who has ultimate responsibility at the Bank and makes it easier for the Executive Board to carry out integrated governance.

There are a number of reasons why the security principles were updated in 2022. In 2021, the Council made a recommendation that the Executive Board should consider laying down somewhat more specific requirements for information security (cybersecurity) applying to both operational areas. In addition, the job descriptions for the Governor and the CEO of NBIM were updated with effect from 1 June 2022. This led to a need to update the section on roles and responsibilities in the security principles.

The principles now state that the two general managers will largely handle internal and external reporting on security for their respective areas of responsibility. The principles also state that the two general managers are responsible for business continuity and to act as the crisis manager in their respective areas of responsibility. The Governor and the CEO are to assume the role of “head of the undertaking” as set out in the Security Act in their respective areas of responsibility. The Council was informed that work would begin at the beginning of 2023 on assessing the need to update the principles for contingency planning and crisis management at Norges Bank.

#### UPDATED PRINCIPLES FOR FINANCIAL MANAGEMENT

The Executive Board's principles for financial management (previously known as its financial rules) were also updated. These principles build on the budget rules for Norges Bank issued by the Supervisory Council. The purpose of the principles is to “promote sound financial management, efficient use of resources, achievement of established objectives, strategy implementation and financial reporting in compliance with current legislation and rules”. The document was previously updated in 2017 and has now been aligned with the new Central Bank Act and the implementation of the new governance structure, as well as changes to the budget rules adopted by the Supervisory Council on 11 June 2020.

#### ADJUSTMENT OF THE ETHICAL PRINCIPLES

The ethical principles for employees of Norges Bank were also adjusted. In the supervisory review of operational risk in 2021, one of the recommendations from consulting firm Mercer Sentinel was that the Bank should have a

policy for how employees should handle close relationships that might lead to a conflict of interest. The Executive Board's principles have now been expanded to include the following provision: *“The further rules shall include provisions for handling potential conflicts of interest related to employees' close personal relationships both inside and outside the Bank and when transitioning to new positions.”*

#### NEW PRINCIPLES FOR HUMAN RESOURCES

The Executive Board issued new HR principles for Norges Bank in 2022. In connection with the appointment of the new CEO of NBIM in 2020, correspondence between the Executive Board and the Supervisory Council gave rise to questions about the guidelines for recruitment at Norges Bank. Processes and procedures were then reviewed and now include specific procedures for the management of applicant lists. With the new HR principles, the Bank's recruitment guidelines are now clearly anchored in rules set by the Executive Board.

#### UPDATED PRINCIPLES FOR RESPONSIBLE INVESTMENT MANAGEMENT

The Ministry of Finance made changes to the Management Mandate for the GPFG with effect from 12 September 2022. The mandate now states that the Executive Board must issue a set of principles for responsible management of the investment portfolio. The updated principles contain more concrete guidance for the Bank's handling of climate risk in the management of the GPFG. For example, the document contains an expectation that companies in the investment portfolio will align their operations with the target of net zero emissions in line with the Paris Agreement, and that Norges Bank will report on its work on climate risk, including the results of stress tests.

#### CHANGES TO THE EXECUTIVE BOARD'S REMUNERATION PRINCIPLES

In November 2022, the Council was informed about a change to the Executive Board's remuneration principles for NBIM.

The Governor and the chair of the Remuneration Committee provided an introductory briefing. The Council asked questions about the background to and consequences of the current interpretation of the Securities Fund Regulation which is to be applied “subject to necessary modifications”. Clarification was given that the updated interpretation of the Securities Fund Regulation is not intended to lead to increased use of variable remuneration. The Council emphasised the importance of Norges Bank's reputation, the correct interpretation of

laws and regulations, budgetary consequences and the need for transparency on remuneration.

The following resolution was passed:

*The Supervisory Council provisionally notes for information the changes to the Executive Board’s remuneration principles for NBIM. The Council awaits a report from EY on an assurance engagement examining the Bank’s remuneration schemes and may therefore return with questions that cover the latest changes to the guidelines.*

The assurance engagement on remuneration schemes was delivered to the Council in February 2023 and is discussed later in this report.

*The Council’s review of the minutes of meetings of the Executive Board and the Monetary Policy and Financial Stability Committee*

The minutes of all meetings of the Executive Board and the Monetary Policy and Financial Stability Committee were submitted to the Supervisory Council in accordance with the Central Bank Act. The minutes from the Monetary Policy and Financial Stability Committee were noted for information.

Reviewing the Executive Board’s minutes and the items and reports submitted at its meetings is an important basis for the Council’s supervision of the Bank and provides an overview of the items considered by the Board and its decisions on specific matters. The Governor and the Deputy Governors attend these meetings and provide information on the minutes and items considered by the

Board. NBIM’s management normally attends when matters relating to investment management are being considered.<sup>5</sup> The statements made and answers given by the Bank’s senior management during the discussions are important for the Council’s assessments and resolutions.

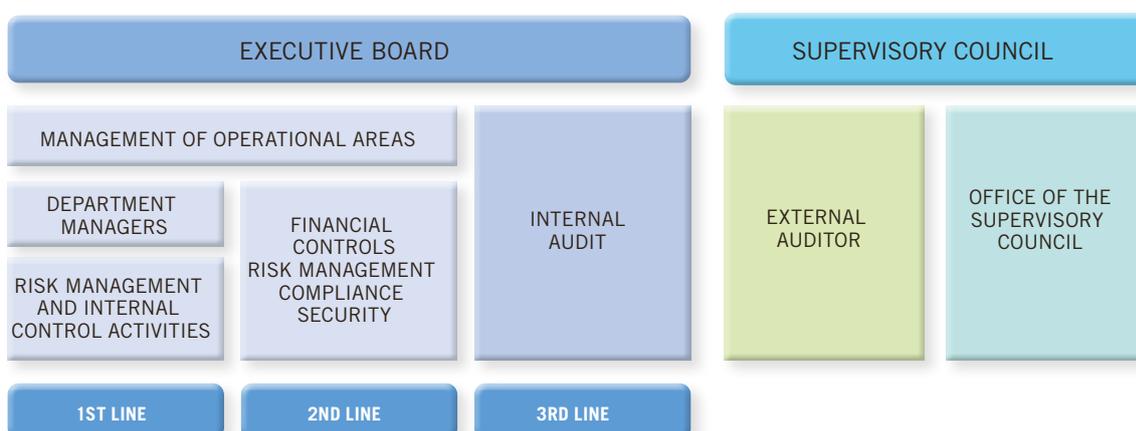
In 2022, the Council asked for additional information on salary adjustments at NBIM and had questions about the status of Russian securities in the GPFG’s portfolio, equities lending, the status of work to defend against cyberattacks, and whether there have been any serious cyberattacks. The Council also requested more detailed information about the new expectation document on human capital management. NBIM presented items and replied to questions from the Council, including on its priorities and capacity for following up the expectation document, stating that NBIM will continue to work on expectation documents for companies in areas that the Bank considers important for the management of the GPFG.

The Supervisory Council did not minuted any comments on the Executive Board’s minutes.

**INTERNAL CONTROL STRUCTURE**

Norges Bank has established an internal control structure based on a model that is recognised practice at financial institutions.<sup>6</sup> The model shows how governance and internal control interact. Traditionally, the model consists of three lines of defence. In addition, a special spotlight on external auditing and regulation/supervision of financial institutions has been incorporated into the model. The aim is to identify key functions and management

**FIGURE 3** NORGES BANK’S CONTROL MODEL



positions in order to ensure effective co-operation and to clarify and allocate responsibilities. The Council's supervision and the external auditor's work are independent of the internal control structure at the Bank, and the Council's work is based on this control model.

### THE EXECUTIVE BOARD'S SELF-EVALUATION UNDER THE MANDATE FOR THE GPF

The Management Mandate for the GPF<sup>7</sup> requires the Executive Board to "annually evaluate its execution of the management assignment and its associated expertise". This self-evaluation is submitted to the Ministry of Finance. The Board summed up the results for 2022 as follows: "The Executive Board's overall assessment is that the Board's composition and expertise provide a good basis for carrying out its assignment of managing the GPF."

*The Supervisory Council has received a copy of the letter to the Ministry and has noted for information the Executive Board's evaluation of its execution of the management assignment and its associated expertise.*

### ASSESSMENT OF RISK AND INTERNAL CONTROL AT NORGES BANK FOR 2022

The regulatory framework for risk management and internal control is provided by the Central Bank Act, the Internal Control Instructions and the Management Mandate for the GPF.

There are requirements for annual reporting:

"On the basis of internal documentation and reporting and at least once per year, the Executive Board shall conduct an integrated systematic assessment of the risk situation at Norges Bank and of whether risk management and internal control have been implemented in a sound manner. The assessments shall be submitted to the Supervisory Council. Assessments regarding the management of the Government Pension Fund Global shall also be submitted to the Ministry of Finance."<sup>8</sup>

"The Executive Board is responsible for ensuring that risk management and internal control systems are established, complied with and monitored, and that this work is evaluated at least once a year."<sup>9</sup>

The Executive Board considered eight periodic reports on compliance and control from the operational areas for 2022. These reports were also sent to the Supervisory Council, which noted them for information. The reports

provide a good basis for ongoing assessments in the supervision of the Bank.

The Executive Board's assessment of risk and internal control at Norges Bank for 2022 was considered by the Council. The following documents were appended:

- Report on risk management and internal control in the Governor's area of responsibility for 2022
- Annual assessment of risk and internal control in investment management for 2022
- Internal Audit's annual report to the Executive Board for 2022

The Executive Board reported that it conducted a self-evaluation of its work and associated expertise in the fourth quarter of 2022. The focus was on systems and principles underpinning risk management, as well as the procedures for reporting on risk management and internal control.

The Executive Board receives regular assessments of threats to the Bank, and these show that the threats faced by the Bank are complex. The reporting states that assessments of risk and vulnerabilities for systems and processes will differ given the operational areas' purpose and duties. Information is provided on material risks and on ongoing and completed risk mitigation measures.

A total of 144 unwanted incidents were reported in the Governor's area of responsibility in 2022, against 155 in 2021. There has been a decline in the number of incidents in recent years. None of these incidents was considered to have had great actual consequences. At NBIM, 270 unwanted incidents were registered in 2022, compared with 269 in 2021. Taken together, these unwanted incidents at NBIM had an estimated financial impact of NOK 126.5m, compared with NOK 793.5m for the incidents in 2021. Eight of the incidents were considered significant. These concerned human error in trading processes and the availability of trading systems.

Unwanted incidents are reported and followed up on a regular basis. The Executive Board reports here: "No significant breaches of the Ministry of Finance's Management Mandate for the GPF or the Executive Board's investment mandate for NBIM's CEO were registered in 2022, nor did we receive any notifications from local supervisory authorities of any significant breaches of market rules or general legislation during the period."

The Supervisory Council was informed that the Executive Board does not consider the breaches reported during the year to be serious for its operations.

The Board's summary assessment is that:

- Internal control at Norges Bank has been carried out in a satisfactory manner.
- Estimated operational risk exposure at NBIM remained within the risk tolerance defined by the Executive Board during the year.
- Operational risk exposure within the Governor's area of responsibility was acceptable over the course of the year.
- The Board's composition and expertise enable it to successfully fulfil the requirements of the regulation.

The Council attaches considerable importance to the Board's follow-up and assessment of risk management and internal control. The following resolution was passed on its consideration of the report:

*The Supervisory Council takes note of the Executive Board's assessment of risk and internal control at Norges Bank for 2022.*

### INTERNAL AUDIT'S REPORTING

Internal Audit carries out audits in accordance with an audit plan adopted by the Executive Board. Reports on its audit projects are reviewed by the Audit Committee and the Executive Board. Implementation of actions resulting from the recommendations in the reports is followed up as part of the regular reporting by the Bank's operational areas to the Board. Internal Audit reported to the Board on 14 audit projects in 2022. In addition, Internal Audit conducted a number of periodic control procedures and verified that the implementation of the remuneration schemes at NBIM and NBCBO in 2022 complied with the remuneration policy adopted by the Executive Board.

The Supervisory Council does not assess reports from Internal Audit, but they are reviewed by the Office of the Supervisory Council as part of its ongoing supervision and supervisory reviews of relevant topics.

### REPORTING ON WHISTLEBLOWING CASES

Norges Bank's whistleblowing scheme must meet the requirements of Section 2 A-6 of the Working Environment Act and enable the reporting of issues of concern. The Council has been informed that the internal whistle-

blowing scheme complies with the rules on whistleblowing in the Working Environment Act and was not modified during the year.

Internal Audit dealt with four whistleblowing cases in 2022. It was reported that these cases were investigated and processed by the whistleblowing service and passed to line management for follow-up. No significant issues of concern were identified in these investigations.

## 1.3 SUPERVISION OF TASKS COMMON TO THE OPERATIONAL AREAS

### HUMAN RESOURCES, WORKING ENVIRONMENT AND EQUALITY

In its periodic reporting, the Executive Board stated that parts of the organisation have had a heavy workload over time, and that there is a risk in the current labour market that it will not be possible to recruit and retain the necessary expertise. The Council asked questions about the challenges relating to the resourcing situation and the recruitment and retention of expertise. Salary levels and other benefits were also a theme in the Council's discussions.

Questions were also asked about whether conflict-of-interest assessments are made for former NBIM employees starting in key positions in other organisations.

The Executive Board reports on the working environment in its annual report for 2022.

Norges Bank's annual employee survey measures employees' engagement, wellbeing and health, and whether incidents involving discrimination and undesirable behaviour are mapped. The results and actions are presented and followed up by the leader groups and the working environment committee, which consists of representatives of both management and employees. The survey for 2022 was presented to the Council in March 2023 and noted for information.

The Executive Board's annual report discusses the gender balance at Norges Bank. Norges Bank is working systematically to achieve gender balance and has set an objective of at least 40% representation of each gender in the Bank as a whole. At the end of 2022, 35% of the Bank's employees were women, an increase from 34% in 2021. The share of women at NBIM increased from 27% in 2021 to 29% in 2022. At management level, the share of women at NBIM was 23% in 2022, unchanged from 2021.

The percentage of women in the workforce at the Bank's international offices is lower than in Oslo. The share of women at NBCBO increased from 34% in 2021 to 35% in 2022. NBA reported having 57% women.

The Executive Board writes that it is not satisfied with the overall gender balance at the Bank and will be closely monitoring work on achieving the target level.

The annual report also discusses salary and remuneration schemes. The Executive Board sets ceilings for these schemes and follows up their implementation. Pay levels are to be competitive but not market-leading. The reasons cited for pay gaps between women and men include men being over-represented in positions working on investment decisions. Such positions are generally better paid in the market than positions at the same level in other areas. Across Norges Bank, overtime payments also have an effect on the figures for total pay. Men generally worked more overtime than women in 2022.

The Council considers it important for Norges Bank to set targets for a better gender balance and is following the Executive Board's work on achieving these targets.

#### **SUPERVISORY REVIEW – OPERATIONAL RISK AT NORGES BANK**

Reference is made to the supervisory review discussed in last year's report, Document No. 9 (2021-2022). Mercer Sentinel's review involved an assessment of the governance structure and functions for managing and controlling the Bank's activities. The review included operational activities and control mechanisms at NBCBO, NBA and NBIM. The main conclusion of the report was that Norges Bank has implemented operational processes and risk management that reflect the Bank's size and complexity. However, a number of areas were identified where action was recommended to reduce operational risk. The following presents some of the key recommendations from Mercer together with excerpts from the Executive Board's response.

It was recommended that Internal Audit reduces the time it takes to cover all audit topics at the Bank so that low-risk areas are covered within a period of no more than five years. In its response, the Executive Board stated: "Internal Audit has clarified that a special assessment of low-risk areas will be included in the annual audit planning and project prioritisation process."

The policy on personal trading was also covered by the review. NBIM was recommended to improve its personal

trading policy by reducing the approval window from five days to less than 48 hours. The Executive Board confirmed in its response that a new time limit of 48 hours had been introduced for all employees at NBIM. NBCBO was recommended to consider introducing a requirement that all employees of NBCBO and NBA obtain pre-approval for personal trading. The Board's assessment was that: "[...] the established personal trading restrictions and controls cover the risk of conflicts of interest in personal trading adequately, and there is no need to introduce a requirement for pre-approval of employees' personal trading in the Governor's area of responsibility."

Another recommendation for both operational areas concerned the preparation of formal functional succession plans. It is normal for those in senior positions at NBCBO to have deputies, but the Bank (including NBIM and NBA) has not prepared formal functional succession plans. Plans of this type must clearly define the transfer of responsibilities in the short and medium term if a key person is unable to continue to carry out their duties. It was recommended that detailed succession plans are prepared for key roles covering senior management, middle management and other key roles. The Board's response was: "The Board will ensure that a more structured processes is introduced in 2022 for the annual review of skills development plans for the successors of both key personnel and managers at a certain level throughout the Bank."

One recommendation that applied to both operational areas was considering restricting or removing employees' access to private email accounts/file-sharing services from the Bank's network. The Board responded that NBIM will be carrying out a fresh assessment of the risk associated with employee access to private email accounts. For NBCBO, the Board replied that the risk related to malware is considered small given the security controls that have been introduced.

Also recommended was a policy for how employees deal with close relationships that could lead to a conflict of interest. The Board replied that it has expanded the provision on potential conflicts of interest in its ethical principles for employees to include: "The further rules shall include provisions for handling potential conflicts of interest related to employees' close personal relationships both inside and outside the Bank and when transitioning to new positions."

The use of expert networks was among the recommendations that applied only to NBIM. The Board's response to the recommendation was that, as part of its risk assess-

ment, NBIM will “consider broader coverage and follow-up of telephone conversations held by NBIM’s investment personnel.”

When external managers are selected, their investment activities are reviewed by NBIM’s unit for external strategies. Initial and ongoing due diligence is also performed by NBIM’s compliance unit. It was recommended that NBIM should set up a dedicated operational due diligence function that reports separately from the unit that carries out the due diligence of investment activities. The Executive Board replied: “The operational due diligence review of external managers is a process that draws on resources across departments and reporting lines at NBIM. [...] The Executive Board will ask NBIM to ensure that the policy documents governing external management reflect and describe more clearly this shared responsibility for the process, including the description of escalation mechanisms in the event of conflicting assessments.”

On the control mechanisms for currency trades, NBCBO was recommended to introduce ex-post controls of size, direction and counterparties. Another recommendation was to introduce advance checks of compliance when buying and selling securities for the foreign exchange reserves. The Board’s response was that the existing organisation and procedures were considered to be effective and to have led to few incidents, and that it wished to retain them. The Board nevertheless expressed that it would continue to prioritise measures that can help reduce operational risk in this area.

Concerning models that the Monetary Policy Department uses to produce forecasts and perform analyses, it was recommended that the Bank considers an approval process for making changes so that it is not possible for a single person to alter the parameters or configuration alone. The Board replied that it will work on introducing control procedures along the recommended lines while ensuring good workflows and efficient working processes.

When considering the Executive Board’s response to the report, the Council also found it important that assessments relating to operational risk are dynamic.

The Council passed the following resolution:

*The Supervisory Council took note of the Executive Board’s response to the recommendations in the report on operational risk and asked the Office to take account of the Board’s response in its assessment of investigations in 2022.*

## SUPERVISORY REVIEW – IT SYSTEMS AND CONTROLS

In autumn 2022, Mercer Sentinel was engaged to perform a follow-up assessment of operational risk relating to Norges Bank’s IT systems and controls. The background to this included Russia’s attack on Ukraine, which moved cybersecurity higher up the agenda. Mercer Sentinel was asked to turn a spotlight onto areas that are particularly important in terms of cybersecurity risk. Mercer Sentinel considered operational risk in seven areas of IT systems and controls at NBCBO and NBIM:

- Complexity and interconnection of applications
- IT infrastructure and capacity monitoring
- Staffing and internal resources in the departments (in IT)
- Data, applications and security protocols for network access
- Guidelines for cybersecurity, testing and surveillance
- Guidelines for change management and associated procedures
- Security protocols for buildings, offices and data centres

The main conclusion in the report is that no significant shortcomings were identified in IT processes, procedures or controls at either NBCBO or NBIM. The recommendation in the earlier report that both operational areas should consider restricting or removing employees’ access to private email accounts/file-sharing services from the Bank’s network was reiterated.

The report was considered at the Council’s meeting in February 2023, where it passed the following resolution:

*The Supervisory Council takes note of the assessments in the supervisory review of operational risk relating to IT systems and controls at Norges Bank. The report will be forwarded to the Executive Board. The Council asks the Board for an assessment of the comments and recommendations from Mercer Sentinel.*

The report was sent to the Executive Board. Its assessment will be considered by the Council and discussed in next year’s report to the Storting.

## DEVELOPMENT OF IT AND IT SECURITY

IT and IT security are defined as business-critical, and both business areas have separate IT departments. NBCBO made a change to its executive management from 1 December 2022, creating a separate department called

IT with a director reporting directly to the Governor. The department is responsible for the operation, maintenance and development of IT systems and for IT security. At NBIM, the Technology and Operations departments were brought together under a single chief in April 2022. The department is responsible for first-line processes in IT and administrative services, as well as systems for securities trading, measurement and reporting, and investment services. Guidelines for IT security and information security are assigned to the second line of defence in the Ownership and Compliance department.

The Council was kept informed of the status of IT security work at the Bank via reporting. It was reported that the security management system contributes to satisfactory levels of security, and that operational risk exposure is acceptable. The business has established processes that contribute to good quality assurance and control. The transition to new IT platforms and new IT infrastructure has enhanced security levels, and provision has been made for more robust cyber defences.

Both operational areas have set clear targets with clear criteria which they are working systematically to achieve. The reporting revealed that Norges Bank, like many other public and private organisations, has been the target of cyberattacks.

#### **PHYSICAL SECURITY, CONTINGENCY PLANNING AND CRISIS MANAGEMENT**

As mentioned above in the section “Changes to the Executive Board’s governance framework in 2022”, changes have been made to the general managers’ responsibility for physical security. The Supervisory Council was informed of these changes through documents from the Executive Board.

Through regular reporting, the Council was informed that, in light of the war in Ukraine, regular updates to the threat picture are reported to management and relevant functions. Training in security is conducted continuously to ensure a security-conscious workforce. An assessment of the security status of each of the two operational areas is covered through management reporting. It was reported that basic security is good.

It was reported that experience from managing the Covid-19 pandemic has been an important contingency activity for the organisation. Developments in the geopolitical situation in Europe have provided a strong impetus for contingency planning at Norges Bank.

As part of its skills development plan, the Council was given a review of work on travel and personnel security at the Bank and of security in relation to cash handling.

#### **DATA PROTECTION**

The Supervisory Council was informed through reporting of Norges Bank’s processing of personal data. The Governor has issued guidelines for the management of personal data. In accordance with the Personal Data Act, a system has been introduced with a data protection officer. A management system has been created, and all processing of personal data is subject to legal assessments to ensure compliance. A project has been carried out to reduce compliance risk relating to the transfer of personal data outside the EU/EEA.

#### **MONEY LAUNDERING**

The Executive Board has adopted principles for implementing anti-money laundering (AML) rules. These principles are to ensure that Norges Bank fulfils its obligations under the Act relating to Measures to Combat Money Laundering and the Financing of Terrorism (Money Laundering Act) and the appurtenant regulations.

AML rules are relevant for Norges Bank in a number of areas, but the risk is linked mainly to the exchange of expired and invalid notes and coins. Where money laundering is suspected, this is reported routinely to the Norwegian National Authority for the Investigation and Prosecution of Economic and Environmental Crime. Cases where Norges Bank might be associated with money laundering could affect its reputation. The Supervisory Council was informed about AML work through periodic compliance reporting.

#### **EMPLOYEE REMUNERATION SCHEMES**

In June, the Council considered reports on the remuneration schemes in the two operational areas, as well as Internal Audit’s annual statement on the Bank’s compliance with the Executive Board’s principles for bonus schemes. Under the Management Mandate for the GPF, the remuneration of employees at NBIM must comply with the requirements of the Securities Fund Regulation subject to necessary modifications. Under the Executive Board’s principles, remuneration schemes at NBCBO must also comply with the Securities Fund Regulation, but with the possibility of departures to take account of special circumstances at NBCBO. Internal Audit’s concluded that the implementation of the schemes for variable remuneration at NBIM and NBCBO in 2021 complied with the principles from the Executive Board.

When considering this item, the Council asked questions about whether the reports could contain more detailed statistics/information on remuneration, referring in part to comments from a minority of the Storting on the recommendation from the Standing Committee on Finance and Economic Affairs on the Council's Report to the Storting in 2021. The Governor said that she will take account of this comment in next year's submission to the Council.

The following resolution was passed:

*The Supervisory Council notes for information the annual report on the review of the remuneration schemes at NBCBO/NBA and NBIM for 2021 and the confirmation of the schemes from Internal Audit.*

#### ASSURANCE ENGAGEMENT – REMUNERATION AT NORGES BANK

EY submitted three reports in February 2023: assurance reports on the remuneration schemes at NBIM and NBCBO, and a supplementary report summing up observations from the review. The assurance project was decided on at the Council's meeting in June 2022 against the background of input from the Ministry of Finance.

EY's conclusion in the assurance reports is that the implementation of the remuneration scheme at NBIM essentially complies with Section 5-2 of the Management Mandate for the GPFG and the Securities Fund Regulation, and that the implementation of the remuneration scheme at NBCBO essentially complies with the Securities Fund Regulation. In the supplementary report, EY's conclusion is that the framework for the remuneration schemes at NBIM and NBCBO appears to be well-considered and that its design and implementation essentially comply with applicable rules. However, EY observed a few areas where it might be relevant for the Executive Board to take a closer look:

- Consideration could be given to whether clearer guidelines should be drawn up for the contraction or termination of variable remuneration in the event of severely negative returns.
- The decomposition of the Ministry of Finance's benchmark index down to the level of the individual mandate as a basis for measuring relative returns may be difficult to understand, and could in practice be seen as a lack of transparency.
- The GPFG does not make full use of the 1.25% limit for tracking error in the mandate. EY has not explored in

detail whether there is a relationship between the way tracking error is used and the way in which variable remuneration is designed. It is possible that the system for variable remuneration does not sufficiently reward managers who take risks.

- Internal offsetting of sales and purchases of financial instruments saves transaction costs for the GPFG. There are internal rules for internal trading, including how prices for these transactions are set. Observations from interviews indicate that these may not always be sufficiently clear and understood.
- Around 40% of scorecards for employees with variable remuneration contain only quantitative targets. Consideration could be given to including qualitative targets on the scorecards for all employees.
- The proportion of variable remuneration that is deferred is 50%, even though the Securities Fund Regulation only requires 40% to be held back.

Representatives from EY presented the reports.

The following resolution was passed:

*The Supervisory Council takes note of the assurance reports on the remuneration schemes at NBIM and NBCBO from auditing firm EY. The reports will be forwarded to the Executive Board for information and for any comments on the observations in the supplementary report. The Board is asked to report in more detail on the changes to the remuneration scheme at NBIM decided on in October 2022. The reports will be made publicly available once forwarded to the Ministry of Finance.*

The reports have been forwarded to the Executive Board and the Ministry of Finance and published on the Bank's website. Any comments on the observations from the Board will be considered by the Council and discussed in next year's report to the Storting.

## 1.4 SUPERVISION OF NBCBO

### MANAGEMENT OF THE FOREIGN EXCHANGE RESERVES

The foreign exchange reserves are the Bank's contingency funds in international currency. The reserves consist of a fixed-income portfolio and an equity portfolio. The buffer portfolio used for transfers to/from the GPFG is also part of the foreign exchange reserves. The buffer portfolio ensures appropriate management of the government's need to exchange between foreign currency and Norwe-

gian kroner. The fixed-income portfolio and the buffer portfolio are managed by NBCBO, while NBIM manages the equity portfolio.

The Supervisory Council was kept abreast of developments in the foreign exchange reserves through the ordinary quarterly reporting. The central bank considered the size and liquidity of the foreign exchange reserves to be sufficient to meet Norges Bank's obligations throughout the year. No breaches of the guidelines from the Executive Board were reported.

Quarterly reports on the management of the foreign exchange reserves are published on the Bank's website.

#### **NORGES BANK'S SETTLEMENT SYSTEM (NBO)**

Norges Bank's settlement system (NBO) is a critical function for society due to its central role in the Norwegian payment system. The Council monitors reporting on operational stability and the management of risk and emergency preparedness through the Bank's ordinary management reporting. The risk in bank settlements is to a great extent linked to cyberattacks and ICT-related operating faults.

The Council receives the annual report for NBO. The report for 2021 was considered by the Council in June 2022. The report covers topical issues and development measures, and operational activities during the year with key figures, operational stability, risk assessment and contingency exercises. The settlement system was stable in 2021 with the exception of a brief interruption in February and a problem in the communication solution (SWIFT) in July.

A redacted version of the report has been published on the Bank's website. In the public version, mention of individual institutions has been removed, and the discussion of internal matters, such as risk assessments and contingency solutions, has been made shorter and more general.

The report on financial infrastructure is also submitted to the Council. This report describes the risk picture and forms part of Norges Bank's work on promoting financial stability and a secure and efficient payment system.

*The Supervisory Council has noted for information the annual reports on Norges Bank's settlement system and the financial infrastructure*

#### **NOTES AND COINS – NORGES BANK'S SUPPLY OBLIGATION, ROLE AS ISSUER AND INVENTORY MANAGEMENT**

The Office of the Supervisory Council reviewed reports on the Bank's inspection visits to central bank depots, which are operated by an external supplier, and was informed about the work of the external auditor. No material non-conformance with procedures was reported.

Each year, the Council receives an internal report on notes and coins and a public report on financial infrastructure, which are noted for information. When considering the reports for 2022, the Council had questions about central bank digital currency and the Bank's role in relation to the rules on the use of cash in society. The Council was also concerned about the supply of cash in a crisis. The Governor answered questions in areas such as the incident on 16 May when there were problems with card payments, including how procedures are co-ordinated with the private banks and the Financial Supervisory Authority of Norway.

In its auditor's report on Norges Bank's annual financial statements for 2022, EY defines key audit matters: "Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters."

EY then writes: "Norges Bank has established various controls relating to notes and coins in circulation. We assessed and tested the design of selected controls relating to the holding of notes and coins, including orders and receipt of new notes and coins, registration of inflows and withdrawals, and counting by central bank depots. For Norges Bank's central bank depot, we conducted an independent sample-based control count at year-end."

#### *Supervisory review – Norges Bank's role in and responsibility for the supply of cash*

In line with the supervision plan for 2022, there was a review of Norges Bank's role in and responsibility for the supply of cash. The aim of the review was to give the Council reasonable assurance that Norges Bank and the Executive Board are fulfilling their obligations in ensuring an efficient supply of cash in accordance with the provisions of the Central Bank Act.

Norges Bank has the sole right to issue notes and coins in Norway. The obligation to supply cash is a core area for NBCBO, and the size of this obligation is determined largely by demand from the public. The review looked mainly at the life cycle of a banknote, from the decision on a new note series, the contract with the note producer and the printing of notes, through to distribution and destruction. The review included an assessment of the Executive Board's role in the supply obligation, the availability of cash, usability and security.

The review found that work is under way on important clarifications of Norges Bank's obligation to supply cash. In this connection, it is important for the Executive Board to pay sufficient attention to the development and future of cash as legal tender. This means, for example, that the Board might want to consider the consequences of reduced use of cash, the implications this might have for the population's confidence in cash, cash as a means of payment in everyday life and in a crisis, and Norges Bank's sole right to issue notes and coins.

Norges Bank's agreement with the banknote printer and regular review of the need for any

additional runs ensures that there is sufficient cash available at all times. Production involves co-operation between a number of departments at the Bank, the printer and subcontractors. The review showed how important it is for Norges Bank itself to have staff with in-depth knowledge and expertise in banknotes and their production to monitor the agreement with the banknote producer and ensure that the notes supplied meet the given requirements.

Norges Bank makes cash available for further distribution through a system of central bank depots and banks' private depots. This is a vulnerable system, however, because it relies on multiple players. Although Norges Bank's role is limited to ensuring that there is cash available to distribute, the Bank is also keen to ensure that the public has access to cash. This is because cash is part of overall contingency planning in the event of the failure of electronic solutions for payment with bank account money.

Risk breaches and their management were an important area for the review. Risk analyses and detailed due diligence are performed at the printer before production starts up. Observations and questions were made about actions taken to reduce the risk when transferring information and assets from one place to another. There are regular threat assessments and risk analyses relating to

processes and suppliers. When considering this item, the Council attached importance to risk assessments in relation to banknote production and contingency planning. The Council also noted the challenges associated with the move towards a cashless society and the right to pay in cash.

The Council passed the following resolution:

*The Supervisory Council endorses the assessments in the supervisory report on Norges Bank's role in and responsibility for the supply of cash. The report will be forwarded to the Executive Board. The Council is keen for the Board to pay attention to developments in the supply of cash and looks forward to briefings on the Board's involvement in the work of the ongoing government commission.*

At the following meeting of the Council, the Governor provided a briefing on the Board's involvement in the work on the supply of cash and the plan for the future. She also covered a number of other topical matters in this area, including the consultation on proposals to strengthen consumers' right to pay in cash.

#### **TASKS PERFORMED FOR THE GOVERNMENT – THE GOVERNMENT'S ACCOUNTS AT NORGES BANK AND THE MANAGEMENT OF GOVERNMENT DEBT**

##### *INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE GOVERNMENT'S ACCOUNTS AT NORGES BANK*

Norges Bank has various account management duties in relation to central government payments, cash management and debt. These have their legal basis in the Central Bank Act and are regulated in more detail in an agreement with and mandate from the Ministry of Finance.

Through the treasury single account system, all central government money is gathered in an account at Norges Bank each day. At the end of 2022, deposits from the Treasury amounted to NOK 305bn. This makes up the largest liability item in the Bank's balance sheet other than the deposit account for the GPF. Government deposits will, however, vary considerably during the year as a result of large payments to and from the government's current accounts.

Norges Bank is responsible for implementing and overseeing agreed stipulations on security, backups and emergency procedures, including tasks performed by external suppliers of operational and account management services. This work is to be performed in accordance with the regulations on financial management in central

government and the guidelines for settlement accounts in the treasury single account system.

The auditor's role is to provide an independent report to the Council on Norges Bank's compliance with the documentation requirements in the agreement. This work is carried out in accordance with International Standard on Assurance Engagements (ISAE) 3000 "Assurance engagements other than audits or reviews of historical financial information".

EY submitted an assurance report for 2022 with a positive conclusion. This means that no non-conformances were identified that present risks or a need for follow-up action.

*The Supervisory Council has taken note of the assurance report on the government's accounts at Norges Bank for 2022. The report has been forwarded to the Ministry of Finance.*

#### *GOVERNMENT DEBT MANAGEMENT IN 2022 – INDEPENDENT AUDITOR'S ASSURANCE REPORT ON NORGES BANK'S MANAGEMENT OF GOVERNMENT DEBT*

In line with the Central Bank Act, the Ministry of Finance has issued a mandate for the management of central government debt along with supplementary provisions and powers for Norges Bank. The Bank has operational responsibility for the management of this debt, and the costs are covered by the Bank.

Norges Bank issues government debt and enters into financial contracts in the name of the Ministry of Finance. Transactions relating to the management of government debt are presented in the central government accounts and not on the Bank's balance sheet. The rules on financial management in central government are to be followed in the management of the loan portfolio.

The Bank is to publish quarterly and annual reports on its management of government debt. The reports are to be as transparent as possible within the constraints of what can be considered responsible execution of the management assignment.

At the request of the Ministry of Finance, Norges Bank's external auditor submits an independent assurance report on the mandate's provisions on payments and accounting in the management of this debt. The external auditor's report for 2022 has a positive conclusion. This means that no non-conformances were identified that present risks or a need for follow-up action.

*The Supervisory Council has taken note of the annual assurance report on government debt management for 2022. The report has been forwarded to the Ministry of Finance.*

The Office of the Auditor General also received a report for 2022 from EY on agreed-upon procedures relating to items in the central government accounts relating to government debt management.

#### *GOVERNMENT DEBT MANAGEMENT – STRATEGY AND BORROWING PROGRAMME FOR 2023*

Under the mandate, Norges Bank is to draw up a borrowing strategy setting out how the Bank intends to meet the objectives for the management of central government debt. Before the start of the budget year, the Bank is also to present a borrowing programme to the Ministry of Finance. The programme is to describe planned borrowing and include a calendar for debt issuances.

The Council received the Executive Board's strategy and borrowing programme for 2023. The strategy was forwarded to the Ministry of Finance and published in mid-December 2022.

The following resolution was passed:

*The Supervisory Council notes for information the strategy and borrowing programme for government debt management for 2023.*

## **1.5 SUPERVISION OF THE MANAGEMENT OF THE GOVERNMENT PENSION FUND GLOBAL (GPF)**

### **FOLLOW-UP OF SANCTIONS**

The Supervisory Council was kept informed during the year about NBIM's handling of investments in Russia and the risk of trades with companies and individuals subject to sanctions. Questions were asked about how NBIM avoids lending securities to individuals/companies on the sanctions list, and how NBIM avoids having such individuals/companies as tenants in properties owned by the GPF. A status report on the Russian securities in the portfolio was also requested.

In its report on responsible investment for the GPF for 2022, NBIM writes: "As a result of international sanctions against Russia, we were not able to exercise our voting

rights to the same extent as in previous years. In order to manage the balance between protecting our shareholder rights and mitigating the risk of supporting an item which may have been deemed in breach of sanctions, we only voted at shareholder meetings for companies that were not on the sanctioned list at the time of the meeting.” NBIM also writes in the report that its custodian bank decided to scale back certain custody services offered in Russia, meaning that proxy voting was no longer supported by the custodian bank from 1 October 2022. NBIM has not therefore been able to vote at shareholder meetings at Russian companies since then.

#### **INVESTMENT MANDATE – CHANGES FOR UNLISTED REAL ESTATE**

The investment mandate for the CEO of NBIM is an operationalisation of the Ministry of Finance’s mandate to Norges Bank. It is the Executive Board that sets the mandate for the CEO. The mandate includes limits and provisions on investments in unlisted real estate.

Real estate management requires substantial resources and personnel. NBIM’s agreements with partners on the operation and development of properties include fees for work carried out. In 2022, the Executive Board decided to increase the limit for investments in logistics in the unlisted portfolio. Limited use is made of performance fees where the fee is based on excess return. The Board amended the investment mandate so that the limit of USD 30m now applies to performance fees, and total fees are not limited by the investment mandate.

The Board also decided to amend the mandate so that co-investments with a single partner in the logistics sector can amount to a maximum of 1% of the value of the GPFG. In other sectors, the limit of 0.5% has been retained. The Board also decided on an exemption in the form of a temporary limit for co-investments with one particular co-investor in logistics. This temporary exemption applies up to 1.25% of the value of the GPFG. NBIM is to work to bring this share below the standard limit for logistics, and progress is to be reported regularly to the Executive Board.

A formulation has also been added that investment decisions may still be made if the main reason for exceeding limits is market movements. Conditions here are that the impact of the exposure measured as a share of the GPFG is negligible, and that the aim is to protect financial interests. This needs to be seen partly in the light of unlisted real estate being an illiquid asset class.

When considering this item, the Council was particularly interested in whether the assessment of the risk associated with partnering with a single partner has now changed.

*The Supervisory Council noted for information the changes to the Executive Board’s investment mandate for the CEO of NBIM.*

#### **FOLLOW-UP OF THE EMPLOYMENT CONTRACT BETWEEN THE EXECUTIVE BOARD AND THE CEO OF NBIM**

In 2021, the Supervisory Council received a briefing on control measures introduced by the Executive Board in relation to its employment contract with the CEO of NBIM. The Council’s resolution stated that it looks forward to equivalent annual updates from the Executive Board on control measures undertaken for the duration of the contract.

As part of ongoing supervision in 2022, the Council received the Board’s follow-up of control measures relating to the employment contract with the CEO of NBIM. The Board stated that Governance, Risk & Compliance (GRC), which is the unit responsible for following up the employment contract, had formally requested and received declarations from relevant parties. It was also confirmed that NBIM had not purchased services from AKO companies or signed agreements on securities lending or traded significant shareholdings with AKO companies. It was reported that NBIM’s compliance unit had assessed counterparties on request and contributed advice for internal assessments.

It was stated that there had been no matters where the CEO of NBIM had declared conflicts of interest. The Bank’s General Counsel had considered a number of questions concerning the interpretation of investment limits and the approval of individual banks for deposits. The General Counsel also updated the list of banks that the CEO of NBIM can use for deposits in the period from 31 December 2022 to 30 June 2023. One breach of NBIM’s rules was recorded. This was a case of direct communication between the CEO of NBIM and AKO which had not been approved in advance. The breach was considered immaterial by NBIM’s compliance unit and was explained at the Council’s meeting in February.

The following resolution was passed:

*The Supervisory Council takes note of the Executive Board’s follow-up of the employment contract for the CEO of NBIM.*

## CORRESPONDENCE BETWEEN THE MINISTRY OF FINANCE AND NORGES BANK

The Supervisory Council received copies of a number of letters from the Ministry of Finance during the course of 2022. The practice is for the Council to be copied into correspondence between the Ministry and the Bank regarding the Management Mandate for the GPFG.<sup>10</sup> These letters have been submitted as items for information at the Council's meetings. The most notable letters in 2022 were:

- Letter from the Ministry of Finance to Norges Bank of 16 February 2022 on the amendment of the benchmark index for equities. The letter discusses changes to the mandate for the GPFG as a result of the number of companies in the index being reduced by 25-30% and changes to the geographical adjustment factors.
- Letter from the Ministry of Finance to Norges Bank of 27 June 2022 on changes to the Management Mandate for the GPFG and the Guidelines for Observation and Exclusion. The letter discusses proposed changes following the Storting's consideration of the white paper "The Government Pension Fund 2022" (Report to the Storting No. 9, 2021-2022).
- Letter from the Ministry of Finance to Norges Bank of 27 June 2022 on changes to the Management Mandate for the GPFG in the light of the recommendations in the report "Climate risk and the Government Pension Fund Global". The changes aim to strengthen and further develop work on climate risk in the GPFG.

## ACTION PLAN FOR ADDRESSING CLIMATE RISK IN THE PERIOD 2022-2025

NBIM has drawn up an action plan with the overall goal that portfolio companies have net zero emissions of greenhouse gases by 2050 in line with the Paris Agreement. The plan sets out how NBIM will help improve market standards, increase portfolio resilience and engage with portfolio companies in the period 2022-2025. The plan builds on international principles and standards for measurement and reporting.

When considering this item, the Supervisory Council was particularly interested in how the plan is to be followed up, including at shareholder meetings.

The Council passed the following resolution:

*The Supervisory Council notes for information the climate action plan for the Government Pension Fund Global for the period 2022-2025.*

## SUPERVISION OF NBIM'S USE OF EXTERNAL PORTFOLIO MANAGERS

The Supervisory Council considered a memo from the Office of the Supervisory Council describing NBIM's processes, management and control when it comes to external portfolio management.

The Management Mandate for the GPFG<sup>11</sup> permits Norges Bank to use external managers and service providers. It is more than 20 years since the Bank first made use of external managers, partly to build experience in the management of equities in international securities markets.

All external management is through separately managed accounts – in other words, NBIM's investments do not involve participation in funds owned jointly with other investors. All assets and transactions are recorded through the custodian function for the GPFG, which is provided by Citibank. Norges Bank is thus the owner of the securities that are part of the portfolio and the mandate.

The fund's investments in emerging markets<sup>12</sup> are largely managed by external managers. Otherwise it is mainly country-specific mandates in developed markets in Europe and Asia, and sector-specific mandates in the US, that are awarded externally. External managers are located in around 35 different countries on all continents. Some of the markets where the GPFG has exposure face varying degrees of challenges. NBIM invests in companies in approved markets rather than specific countries. This means that it is possible to invest in companies from countries with authoritarian regimes. In emerging markets, NBIM can benefit from the expertise of external managers who have deep knowledge of the markets, sectors and companies in which they invest. This is particularly important because it can be difficult to obtain relevant company data in these markets.

As part of its regular annual supervision, the Office of the Supervisory Council monitors these activities and visits selected external managers. Three managers in the US were visited in 2022.

The emphasis in this work was on compliance with the provisions on outsourcing in the Internal Control Instructions.<sup>13</sup> "Norges Bank shall ensure adequate competence to manage outsourced operations. Outsourcing may not

take place if it impedes sound risk management and internal control.”

NBIM has issued policy documents covering external management. These help in clarifying responsibilities and following up on ongoing activities. Investments are to comply with established rules on ethical investment and the GPFPG’s expectation documents.

The choice of managers/countries for visits is based on available information from public sources. The data are screened and processed so that analyses make it easier to draw comparisons between countries. If, for example, a country scores poorly on regulation or labour rights, this will increase the likelihood of that country being a candidate for a supervision visit. Aspects of the individual manager such as size and operational factors are also considered.

The starting point for the supervision visits in 2022 was to meet newly established small management firms to see if they face special challenges on account of their size and relatively brief track record.

It has been part of NBIM’s strategy in recent years to sign contracts with newly established managers. NBIM’s experience is that these managers are often offshoots from larger management firms and thus have lengthy experience. They often also have specialist expertise in one or more sectors and a willingness to take risks within their mandate. The technology, industrial and consumer sectors have been particularly relevant.

The three managers visited are relatively newly established, but their management has extensive experience and insight in the sectors they cover. The fees NBIM pays these firms are lower than for larger and more established managers. Taken together, this provides a good starting point for excess returns.

The disadvantage of small managers with a small number of employees is that many of the decisions are made by the CEO. The owners of the three firms visited have a dominant influence (100% ownership). Even with established internal controls and division of duties, the owner will have a great deal of power. This could potentially mean that internal controls are overridden, resulting in a risk that the follow-up of compliance and control will be less independent. NBIM states that it is aware of this risk, and that procedures have been put in place to ensure independent monitoring and control. NBIM can follow daily all transactions made in the external portfolios via the custodian bank, and can terminate a manager’s

trading authorisations the same day, which represents a strong control framework for external management.

It was observed during the investigations that NBIM has good contact with managers through frequent visits and follow-up. This gives the impression that NBIM has a good grip on how the managers operate.

The Council passed the following resolution:

*The Supervisory Council takes note of the memo on external management in the Government Pension Fund Global and asks the Office to continue the practice of making annual visits to external managers.*

#### **SUPERVISORY REVIEW – COST-EFFICIENT INVESTMENT MANAGEMENT**

A supervisory review of cost-efficient investment management was carried out in line with the supervision plan for 2022. The background to the investigations was the high level of interest in the cost of managing a fund owned by all Norwegians. The costs for managing the GPFPG should not seem unreasonable in relation to the task in hand.

The Council considers cost efficiency and economies of scale to be important. Ensuring efficient organisation of Norges Bank’s activities is the responsibility of the Executive Board. Measuring compliance with a requirement for cost efficiency is a challenge. The supervisory review finds that costs for managing the fund are low in relation to other funds of its type.<sup>14</sup> It is also considered likely that the management of investments in equities brings economies of scale for the GPFPG. Other ways of meeting the requirement for cost efficiency through the organisation of shared functions are also reported.

The review finds that there is a high level of cost awareness at Norges Bank.

The review has three recommendations:

- It is recommended that the Council’s budget rules are amended so that the budget documents must be received three weeks ahead of the Council’s December meeting rather than the current two weeks (14 days). It is proposed that this change applies from 2024 onwards. The Office of the Supervisory Council is also asked to review the budget rules to consider any other relevant changes.
- The Executive Board is asked to present the status and further follow-up of the Bank’s work on cost efficien-

cies and economies of scale, including how expectations from the Supervisory Council and the Ministry of Finance in terms of decisions on the merger of shared functions have been addressed. The response from the Executive Board should also include information on experience from the creation of NBA.

- The Executive Board is asked to present the action plan for realising the ambitions in Strategy 25 once it has been decided, and provide regular updates on status and progress to the Supervisory Council.

The following resolution was passed:

*The Supervisory Council takes note of the assessments in the supervisory review of cost efficiency. The Council approves the proposed amendment to the budget rules and a review of the rules with a view to any other relevant changes. The report will be forwarded to the Executive Board, which is asked to respond to the recommendations made.*

The report was sent to the Executive Board. The Board's assessment will be considered by the Council and discussed further in next year's report to the Storting.

## 1.6 THE SUPERVISORY COUNCIL'S ROLE AT BODIES ASSOCIATED WITH NORGES BANK

### NORGES BANK'S PENSION FUND AND PENSION SCHEME

Norges Bank's Pension Fund is an independent legal entity and prepares its own accounts and annual financial statements. Its assets and liabilities are separate from Norges Bank. The Bank guarantees its share of the fund's premium reserve. The fund's purpose is to provide retirement benefits for former employees of Norges Bank and their survivors. The pension scheme complies with the National Insurance Scheme and is aligned with the rules for the Norwegian Public Service Pension Fund.

The fund's articles of association were originally laid down by the Supervisory Council. Changes to the articles are to be approved by the fund's board and forwarded to Norges Bank's governing bodies for information. The fund's operations are supervised by the Financial Supervisory Authority of Norway, which must also approve any changes to the articles of association.

The Supervisory Council considers it important for the fund to have a strong financial position and generate good returns on its assets in order to reduce pension

costs for the Bank. The Council is kept updated about the Executive Board's appointment of members of the fund's board, and receives the fund's annual report, annual financial statements and auditor's report for information

The pension fund is headed by its own board. Norges Bank's Executive Board appoints four of the six full members and two alternates, and at least one full member must be external with no connection to the fund, the central bank or member companies. Two full members and their alternates are appointed by employee organisations.

The Executive Board decided in 2009 that Norges Bank's pension scheme should be aligned with the new National Insurance Scheme along the same principles as the Norwegian Public Service Pension Fund. In light of the co-ordination rules for children's pensions from public sector pension funds being withdrawn, the Executive Board agreed in 2022 for the Bank's children's pension to be changed from a gross scheme to a net scheme. The changes to the children's pension apply from 1 January 2023, with the same benefits as from the Norwegian Public Service Pension Fund.

Approval was given on the condition that the Supervisory Council and the board of the pension fund had no material objections to the change.

The following resolution was passed:

*The Supervisory Council took note of the change to the children's pension in Norges Bank's Pension Fund.*

### THE GOVERNOR N. RYGG FOUNDATION

The Governor N. Rygg Foundation was set up by resolution of the Supervisory Council in 1954. The fund has its own statutes and an endowment of NOK 200,000. Its purpose is to provide support for employees and pensioners who need and apply for it. The fund is also to promote well-being at the Bank by supporting initiatives that are in the interests of employees and pensioners. Support can be granted for initiatives that do not naturally come under the Bank's ordinary operating budget.

Members of the foundation's board are appointed by the Governor and the bank's employees. The board is to prepare annual financial statements and an annual report, which are forwarded to the Governor. The annual financial statements are audited by an auditor chosen by the Supervisory Council.

The foundation is supervised by the Norwegian Foundation Authority. Proposals from the fund's board for changes to its statutes are to be put before Norges Bank's Supervisory Council before being submitted to the Foundation Authority. No matters relating to the foundation were put before the Council in 2022.

#### **NORGES BANK'S ECONOMIC RESEARCH FOUNDATION**

Norges Bank's Economic Research Foundation was set up on the occasion of the Bank's 150th anniversary in 1966 with an endowment of NOK 2m. On the occasion of the Bank's 175th anniversary in 1991, the endowment was increased to NOK 6m. The Governor decides how the foundation's assets are invested. The foundation's equity must not be touched. Each year, only the previous year's return can be used to finance the foundation's activities.

The foundation's purpose is to support research in the field of economics, especially applied research, including studies abroad in relation to special research projects. Its funds can also be used to cover the cost of guest lectures on economics, prizes for theses and participation in international research conferences.

The foundation is managed by Norges Bank and has a board with five members appointed by the Governor. Three of the board's members are appointed on the basis of nominations from the University of Oslo, NHH Norwegian School of Economics and Statistics Norway.

By the end of February each year, the board is to submit a report to the Governor on the foundation's activities in the previous calendar year. The foundation's financial statements are audited by an auditor chosen by the Supervisory Council.

Under the foundation's statutes, proposals from the board for the amendment of its statutes are to be put before Norges Bank's Supervisory Council before being submitted to the Foundation Authority. No matters relating to the Economic Research Foundation were put before the Council in 2022.

#### **NORGES BANK HEADQUARTERS PENSIONERS' FOUNDATION**

The Pensioners' Foundation was set up by the Supervisory Council in 1988. The foundation's statutes were adopted by the Council with effect from 1989 and subsequently approved by the Norwegian Gambling and Foundation Authority in 2005. The foundation is independent of Norges Bank's management. The foundation's board, which is its highest decision-making body, is to have four members: three appointed by the Bank's pensioners' club and one by the Bank's employees in Oslo in accordance with the applicable rules on representation at any given time. The Supervisory Council is to express an opinion on any changes to the statutes and on the formation or winding up of the foundation.

The statutes state that the annual financial statements and annual report are to be sent to the organisations represented on the board, Norges Bank's Supervisory Council and the Register of Company Accounts in Brønnøysund. The foundation's board appoints its auditor. The auditor's report is forwarded to the Foundation Authority. The Supervisory Council notes for information the annual financial statements, annual report and auditor's report for the foundation.

- 
- 1 *Instructions relating to Risk Management and Internal Control at Norges Bank, laid down by the Ministry of Finance on 28 June 2022 and entering into force on 1 July 2022, pursuant to Sections 2-4 (5), 4-4 (2) and 4-5 (3) of the Central Bank Act, and Sections 3 (2) and 10 (1) of Act No. 123 of 21 December 2005 relating to the Government Pension Fund.*
  - 2 *Instructions relating to Risk Management and Internal Control at Norges Bank, Section 4 (1).*
  - 3 *Central Bank Act, Section 2-11 (1) third sentence.*
  - 4 *Central Bank Act.*
  - 5 *Central Bank Act, Section 4-3 (4).*
  - 6 *Cf the "four lines of defence" model for financial institutions recommended by the Financial Stability Institute at the Bank for International Settlements (BIS).*
  - 7 *Section 3-1 (1).*
  - 8 *Internal Control Instructions, Section 8 (2).*
  - 9 *Internal Control Instructions, Section 3 (2).*
  - 10 *<https://www.regjeringen.no/no/tema/okonomi-og-budsjett/statens-pensjonsfond/eksterne-rapporter-og-brev/id2358366/>*
  - 11 *Management Mandate for the Government Pension Fund Global, Sections 1-8 and 2-5.*
  - 12 *An emerging market is a country that has some of the characteristics of a developed market but does not meet the standards for classification as a developed market.*
  - 13 *Internal Control Instructions, Section 5 (2).*
  - 14 *The company CEM Benchmarking Inc. (CEM) conducts an annual analysis of returns and costs in the management of the GPF on behalf of the Ministry of Finance.*

---

---

SECTION 2

NORGES BANK'S ANNUAL  
FINANCIAL STATEMENTS  
AND BUDGET

---

The Supervisory Council's annual reporting to the Storting is to include an account of the Council's efforts in relation to approval of the Bank's budget and adoption of its financial statements.

The requirement for the Council to approve the Bank's budget is set out in Section 4-2 of the Central Bank Act: "The Supervisory Council shall adopt Norges Bank's budget on the basis of a proposal from the Executive Board. The approved budget shall be communicated to the Ministry." The Council's follow-up of the Executive Board's reporting on expenditure relative to the approved budget is presented in this chapter.

Adopting the Bank's annual financial statements is another of the Council's key tasks, set out in Section 4-3 of the act. The Council's resolution on the allocation of the loss for the year and changes in the Bank's equity is presented below. The financial reporting on the management of the GPFG is included in Norges Bank's annual financial statements as a separate note and is also discussed below.

## 2.1 NORGES BANK'S ANNUAL FINANCIAL STATEMENTS

### RULES ON THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

Section 4-3 (2) of the Central Bank Act reads: "The Executive Board shall each year prepare an annual report and annual financial statements. The annual financial statements shall be adopted by the Supervisory Council and, together with the annual report and auditor's report, be sent to the Ministry and communicated to the Storting."

Section 2-1 of the Regulation on the Financial Reporting of Norges Bank also governs the presentation of the financial statements: "Norges Bank shall prepare annual financial statements and the annual report of the Executive Board in accordance with the provisions of the Accounting Act, subject to the exemptions and additions specified in this regulation. Norges Bank shall follow the provisions in the Accounting Act applicable to large enterprises."

In Section 2-2 of the same regulation, the Ministry of Finance lays down additional rules stipulating that the Bank's financial statements must be prepared in accordance with international standards. In practice, this means that the Bank applies International Financial Reporting Standards (IFRS).

### APPROVED FINANCIAL STATEMENTS FOR 2022

The Executive Board's annual report and annual financial statements for 2022, including a proposal for the allocation of the loss for the year, were submitted to the Supervisory Council. The allocation of the Bank's loss for the year is governed by separate Guidelines on Provisions and Allocations of Norges Bank's Profit.<sup>15</sup> The resolution on the annual financial statements includes the allocation of the loss for the year and its effects on the Bank's equity.

The Council's resolution on the Bank's annual financial statements at its meeting on 23 February 2023 has been incorporated into the Bank's annual report as follows:

- *The Supervisory Council takes note of the Annual Report of the Executive Board for 2022.*
- *The Supervisory Council takes note of the auditor's report for Norges Bank and independent accountant's assurance report.*
- *The Supervisory Council adopts Norges Bank's financial statements for 2022.*
- *In accordance with the guidelines, the total comprehensive income of NOK -11.1bn is to be dealt with as follows: NOK 13.2bn will be transferred from the Adjustment Fund and NOK 2.1bn to the Transfer Fund. One third of the Transfer Fund, or NOK 8.1bn, will be transferred to the Treasury.*

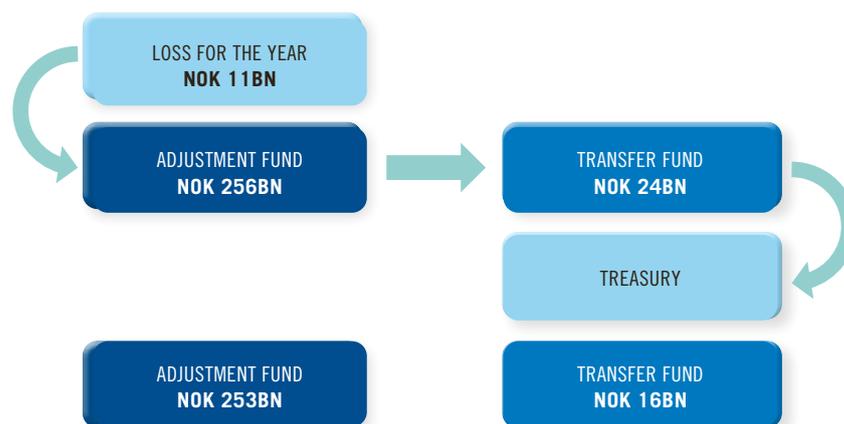
The Adjustment Fund constitutes the Bank's restricted equity, and the Transfer Fund constitutes the basis for transfers to the Treasury. In addition to the allocation of the loss for the year in line with the Council's resolution, the Bank's annual report presents a statement of changes in equity. See also Figure 4 below.

The value of the Adjustment Fund on 31 December 2022 was NOK 253.3bn. Total comprehensive income for the year is to be allocated to the Adjustment Fund until the fund reaches 40 percent of the value of net foreign exchange reserves. Any amount in excess of this is to be allocated to the Transfer Fund, which had a value of NOK 24.3bn following the year's transfer into the fund. Each year, one third of the value of the Transfer Fund is transferred to the Treasury, and so NOK 8.1bn was transferred for 2022. The Council's resolution meets the requirements of the guidelines.

**FIGURE 4** ALLOCATION OF NORGES BANK'S LOSS FOR THE YEAR**EQUITY**

– ALLOCATION OF NORGES BANK'S LOSS FOR THE YEAR

- NOK 11BN LOSS COVERED BY ADJUSTMENT FUND
- NOK 2BN SENT TO TRANSFER FUND
- NOK 8BN SENT TO TREASURY
- EQUITY AFTER ALLOCATION OF LOSS NOK 270BN



The figure shows the allocation of Norges Bank's loss for the year, the effects on its two equity funds, and the transfer to the Treasury.

In its annual report for 2022, the Executive Board concludes that "the Bank's equity is sufficient to fulfil the Bank's purpose (cf Section 3-11, Sub-section 1, of the Central Bank Act)."

The Executive Board writes: "Norges Bank's equity at 31 December 2022 was NOK 270bn, compared with NOK 289bn at 31 December 2021. The Bank's equity consists of the Adjustment Fund and the Transfer Fund. At year-end 2022, the Adjustment Fund stood at NOK 253.3bn and the Transfer Fund at NOK 16.2bn, compared with NOK 266.5bn and NOK 22.2bn, respectively, at year-end 2021. Norges Bank's equity, excluding the GPFG's krone account, was 35% of the balance sheet total, compared with 34.7% in 2021."

**RESULTS OF THE MANAGEMENT OF THE GOVERNMENT PENSION FUND GLOBAL (GPFG)**

Under the mandate for the GPFG, the Ministry of Finance is to deposit the fund in a designated krone account at Norges Bank.<sup>16</sup> The Bank is then to invest this krone deposit in its own name in a portfolio of financial instruments, real estate, renewable energy infrastructure, cash deposits and other assets and financial liabilities managed by the Bank in accordance with the mandate (the invest-

ment portfolio). The value of the krone account is the net book value of the investment portfolio.

The krone account had a value of NOK 12,429bn on 31 December 2022. The management fee from the Ministry of Finance is discussed in Note 13 to the Bank's annual financial statements: "Norges Bank's total operating expenses related to the management of the GPFG are reimbursed by the Ministry of Finance as principal. The management fee corresponds to actual costs incurred by Norges Bank, excluding administration fees invoiced separately to Norges Bank's subsidiaries in Norway and including performance-based fees to external managers. The management fee was NOK 5,226m in 2022 and NOK 4,640m in 2021."

During the course of the year, the Council took note of the quarterly reports on return and risk in the GPFG put before the Executive Board. As part of this process, the Council asked questions which included how NBIM ensures that securities are not lent to individuals/entities on the sanctions list.

The financial reporting on the management of the GPFG forms part of Norges Bank's annual financial statements and is presented in detail in Note 20. A separate annual report on the management of the fund is also published, and this was considered by the Council at the same meeting.

**FIGURE 5** EXTERNAL AUDITOR'S TASKS IN 2022

EXTERNAL AUDITOR'S TASKS IN 2022	
1. Audit of Norges Bank's annual financial statements	Report on the financial reporting for the Government Pension Fund Global, including interim report
2. Assurance engagements	
1. Treasury single account	
2. Government debt management	
3. Selected parts of Norges Bank's sustainability reporting on climate, climate risk and responsible investment	
4. Independent assurance report on the implementation of the remuneration system in NBCBO in 2021	
3. Audit of Norges Bank's Pension Fund	
Co-ordination with Internal Audit	
1. Regular status meetings	
2. Meetings relating to planning and implementation of projects	
Dialogue with the Office of the Auditor General	
1. Three meetings a year: start-up, status and sum-up	
2. Audit documentation	

The Council passed the following separate resolution:

*The Supervisory Council takes note of Norges Bank's annual report on the management of the Government Pension Fund Global for 2022, including the Executive Board's assessment of the results and the auditor's report.*

Norges Bank's annual report and financial statements for 2022 and annual report on the management of the GPFG for 2022 are dated 8 February 2023 and were published on 7 March 2023. A report on the management of the foreign exchange reserves in the fourth quarter of 2022 was published the same day. Further information on Norges Bank's annual reports and results can be found on its website.

#### EXTERNAL AUDITOR'S REPORTS ON NORGES BANK'S FINANCIAL REPORTING

The work of the external auditor plays an important role in the Supervisory Council's adoption of the annual financial statements and consideration of the financial reporting during the year. The figure below shows the tasks carried out by the external auditor at Norges Bank in 2022.

EY provided an independent auditor's report and management letter on its audit of the financial reporting in Norges Bank's annual financial statements for 2022. It also provided an independent auditor's report and management letter on its audit of the financial reporting for the GPFG's investment portfolio for 2022, which forms part of Norges Bank's annual financial statements. The reports are addressed to Norges Bank's Supervisory Council and are unqualified. EY concludes: "Based on our audit procedures, we have not detected any material misstatement, and we intend to issue an unqualified opinion in our report."

When the Council considered the Bank's annual financial statements and reporting on the management of the GPFG for 2022, EY gave a briefing on the audit procedures carried out.

The management letter provides information on the audit performed and on items that may be significant for the financial reporting. EY also gave a declaration of impartiality and independence. It writes: "To identify all potential threats in the assessment of the impartiality and independence of EY and the audit team with respect to Norges Bank, procedures have been carried out to ensure that there are no business interests in contravention of the rules, and all team members have confirmed their independence."

The Council passed the following resolution:

*The Supervisory Council takes note of the auditor's management letter for the 2022 financial year.*

EY also submitted a report dated 11 August 2022 on its review of the interim financial reporting for the GPFG in accordance with the international standard ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". The Council took note of the report from EY when considering the interim report.

Investments in real estate and renewable energy infrastructure are made through wholly-owned subsidiaries of Norges Bank established exclusively as part of the management of the investment portfolio. These subsidiaries are covered by the audited financial reporting for the GPFG.

Where subsidiaries have appointed their own auditors, the external auditor's report is submitted directly to the board of each company. These reports are not considered by the Council. The audit fee is charged directly to the individual company.

#### **GUIDELINES ON SUPERVISION AND AUDITING OF SUBSIDIARIES**

Norges Bank has set up subsidiaries that serve exclusively as investments as part of the management of the GPFG's investment portfolio. The Council has issued guidelines for its supervision of companies owned by Norges Bank in connection with the GPFG. Under these guidelines, Norges Bank's external auditor is normally to be appointed auditor of companies where the Bank has influence over the choice of auditor. In practice, this means that virtually all subsidiaries that are audited change auditor when Norges Bank changes auditor.

Subsidiaries not subject to statutory audit requirements may be audited collectively in combined financial statements, and this is an established practice for subsidiaries in the US. Companies that own properties or renewable energy infrastructure directly will always be subject to auditing.

#### **REPORTING ON SUSTAINABILITY AND ASSURANCE BY EY**

EY provided an independent assurance report on the sustainability reporting in Norges Bank's annual report for 2022.<sup>17</sup> The review covered the sections of the annual report listed in the table below.

#### **FIGURE 6 SECTIONS OF THE ANNUAL REPORT COVERED BY ASSURANCE OF SUSTAINABILITY REPORTING**

- › Work on climate risk in the Government Pension Fund Global
- › Climate risk in the foreign exchange reserves
- › Responsible management of the Government Pension Fund Global – Market
- › Responsible management of the Government Pension Fund Global – Companies
- › Responsible management of the Government Pension Fund Global – Portfolio
- › Responsible management of the foreign exchange reserves
- › Climate impact of Norges Bank's operations

The assurance report defines these sections, listed in an attachment, as its subject matter.

In the preparation of its sustainability reporting, Norges Bank reports information with reference to Global Reporting Initiative (GRI) standards.<sup>18</sup> The assurance report defines these as its criteria.

The assurance report attached to the annual report states the following:

"Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria."

## **2.2 NORGES BANK'S BUDGET**

#### **THE SUPERVISORY COUNCIL'S BUDGETARY AUTHORITY**

Norges Bank is a separate legal entity owned by the central government. Norges Bank sets its own budget, which is not included in the Storting's consideration of the central government budget.

The Central Bank Act requires the Supervisory Council to approve Norges Bank's budget on the basis of a proposal from the Executive Board.<sup>19</sup> This means that the Executive Board has a duty to prepare a budget for Norges Bank for approval by the Council. The Council also approves a budget for operating expenses at operating companies in the GPFG's real estate management.

The Council has issued budget rules for Norges Bank with general principles for its financial management. The Executive Board has issued supplementary financial rules with general principles for financial management and the budget process.

The Council's budget resolution approves Norges Bank's total expected expenditure in the coming year. The Council ensures that the Executive Board has presented clear overviews showing reasonable financial budgets for the Bank's tasks and operation. The annual budget resolution covers the whole of Norges Bank's activities, including the management of the GPFG. At an overarching level, the criteria and assumptions for budgeting are to be consistent across the whole of the Bank.

#### **NORGES BANK'S EXPENDITURE AND FOLLOW-UP OF THE BUDGET FOR 2022**

The Executive Board reported in line with the budget rules for both the first half of 2022 and the whole of 2022. This included a status report on the budget for the Bank's overall operating revenue, operating expenses and capital expenditure, and information on significant variations. There was also brief information on the status of action plans and performance against targets, with the main focus on measures with significant budgetary consequences. Norges Bank's operating loss and investments were within the approved budget.

The report for the first half of the year showed higher salary growth at NBIM than budgeted. The salary adjustment was not submitted to the Council for a resolution. The justification was that the increase in salary costs in 2022 was smaller than it would have been if NBIM had recruited in line with the budget. The forecast for an increase in the number of employees was retained.

Against this background, the Supervisory Council had questions about how salaries are set at the overseas offices. The response emphasised the striking of a balance between wage moderation and the need for measures to recruit, develop and retain skilled managers and employees. The Council stressed that it is important to be informed of significant changes during the year in the premises underlying the approved budget, and for this information to be provided without undue delay. This was incorporated into its resolution on its consideration of the reporting for the first half of the year.

For 2022 as a whole, Norges Bank reported operating expenses of NOK 6.4bn, of which NOK 5.3bn was related to the management of the GPFG. Operating expenses

were NOK 688m lower than budgeted, due mainly to lower costs for the management of the GPFG. Fees to external managers came in below budget, primarily as a result of smaller excess returns and less capital under external management than foreseen in the budget.

The Council passed the following resolution:

*The Supervisory Council took note of the budget status report for 2022 and considers the reporting to be in line with the budget rules. The Council asks the Executive Board to continue to pay close attention to realising efficiencies and economies of scale.*

#### **CONSIDERATION AND APPROVAL OF NORGES BANK'S BUDGET FOR 2023**

The Supervisory Council approved the Executive Board's proposed budget for Norges Bank at its meeting on 15 December 2022.

The Council considered the proposed budget in the regular way. As part of the supporting documentation for the budget, the Executive Board presented new strategies adopted for Norges Bank, NBCBO and NBIM for the period 2023–2025.

The Governor wrote to the Council that the proposed budget built on these strategies and was to support the Bank's social role. Costs should be seen in relation to revenue and be in proportion to the level of ambition. The proposed budget for 2023 also needed to be seen particularly in the light of rising wage growth and price inflation, the new strategy for Norges Bank (Strategy 25) and the full-year effects of recruitment in 2022 in line with the approved budget for 2022.

An increase in employee numbers is budgeted in several areas. To achieve the ambitions of Strategy 25, NBIM will need to increase its staffing to ensure sufficient capacity, quality and robustness. As part of the Council's consideration of the budget for 2023, the Bank's management provided an introductory briefing and then answered questions from the Council.

The budget rules require cost levels to be discussed in the context of available external comparisons. To do this, the Bank uses:

- An international comparison of full-time equivalents per function facilitated by the Bank for International Settlements (BIS)

## Budget resolution for 2023:

The Supervisory Council received the proposed budget for Norges Bank for 2023 from the Executive Board on 1 December 2022. A new strategy for the period 2023-2025 was received as part of the supporting documentation. The Council's understanding is that the ambitions expressed in the strategy require a strengthening of various functions at Norges Bank, and this will increase the need for recruitment and so push up operating expenses. The Council wishes to signal that further growth in the number of employees and in operating expenses in subsequent budgets and beyond that budgeted for 2023 will require special justifications and cost/benefit analyses. The Council considers cost-efficiency and economies of scale to be important, especially in a period in the Norwegian economy characterised by uncertainty for many firms and workers.

In accordance with the Central Bank Act and the budget rules for Norges Bank, the Supervisory Council has considered and approved the Executive Board's proposed budget for Norges Bank for 2023.

(FIGURES IN MILLIONS OF NOK)	BUDGET 2023
Management fee, GPFG	6 531
Other operating revenue	167
<b>Total operating revenue, Norges Bank</b>	<b>6 697</b>
Personnel expenses, NBIM	-476
Other operating expenses, NBCBO	-497
Depreciation, amortisation and impairment losses, NBCBO	-23
Personalkostnader NBIM	-1 883
Other operating expenses, NBIM	-2 288
Depreciation, amortisation and impairment losses, NBIM	-26
Fees to external managers, NBIM	-2 399
Personnel expenses, NBA	-362
Other operating expenses, NBA	-243
Depreciation, amortisation and impairment losses, NBA	-86
Elimination of shared costs*	477
Elimination of shared costs passed on by NBCBO to OSC/SC	8
<b>Total operating expenses, Norges Bank</b>	<b>-7 798</b>
<b>Operating loss, Norges Bank</b>	<b>-1 101</b>

\* Elimination consists of allocated costs to NBIM, including NOK 33 million from NBCBO, NOK 354 million from the NBA and NOK 36 million from the Supervisory Council (SC).

Proposed new investments amount to a total of NOK 187m, of which NOK 136m relates to upgrading of the head office at Bankplassen 2. Previously approved investments amount to NOK 8m. The Supervisory Council approves a budget for operating expenses at operating companies in the Government Pension Fund Global of NOK 170m for 2023.

The Council will set a budget for supervision and audit costs in a separate resolution.

Norges Bank's overall budget will be submitted to the Ministry of Finance in accordance with Section 4-2 of the Central Bank Act.

- A comparison of FTEs at central banks in the Nordic region
- A comparison of management costs for the GPFPG prepared annually by CEM Benchmarking Inc. for the Norwegian Ministry of Finance

Norges Bank's budget for operating expenses in 2023 is NOK 7,798m, an increase of NOK 750m or 11 percent on the budget for 2022. Most of this increase – NOK 715m – is at NBIM, where total operating expenses are budgeted at NOK 6,597m. Excluding fixed and variable fees to external managers, operating expenses at NBIM are budgeted at NOK 4,200m. Fees to external managers are budgeted at NOK 2,399m, breaking down into NOK 1,107m in fixed fees and NOK 1,292m in performance fees. Total operating expenses at NBCBO including salary and other personnel expenses are budgeted at NOK 997m, an increase of NOK 113m or 13 percent on the budget for 2022.

Total salary and other personnel expenses are budgeted at NOK 2,721m for 2023, an increase of NOK 397m or 17 percent on the budget for 2022. This is due mainly to a rise in the number of employees, salary levels and performance pay. The budget assumes 1,076 permanent employees at Norges Bank at the end of 2023 (291 at NBCBO, 165 at NBA and 620 at NBIM). The total number of employees at the end of 2022 was 997. A salary increase of 4.6 percent is budgeted for employees in Oslo, and 5 percent for employees abroad.

Norges Bank presents a draft budget for the management of the GPFPG in a letter to the Ministry of Finance and requests a limit for the reimbursement of its management costs. The Council received a copy of the letter from the Ministry on the reimbursement of management costs for 2023 on 2 December 2022. The Ministry has set a limit for management costs in 2023, excluding performance fees to external managers, of NOK 6.2bn. This letter plays an important role in the Council's consideration of the budget. The Council deems it important that management

costs do not exceed the limit set by the Ministry. Any overshoot has to be covered by Norges Bank.

#### **OPERATING BUDGET FOR WHOLLY-OWNED SUBSIDIARIES IN THE MANAGEMENT OF THE GPFPG**

Under the budget rules, a budget for management costs at subsidiaries that are part of the Bank's management of investments in unlisted real estate and unlisted renewable energy infrastructure in the GPFPG is to be submitted to the Supervisory Council. Plans and budgets for the Bank's wholly-owned subsidiaries are to be approved by the boards of the individual companies.

Total operating expenses at wholly-owned operating subsidiaries are budgeted at NOK 135m for 2023. To allow for uncertainty about exchange rates and give the boards of the subsidiaries the necessary room to manoeuvre, the Council approved a limit of NOK 170m for 2023. Total operating expenses at other wholly-owned subsidiaries are budgeted at NOK 71m for 2023.

The cost limit from the Ministry of Finance also includes management costs at wholly-owned subsidiaries. Other operating expenses at wholly-owned subsidiaries related to the ordinary operation, maintenance and development of assets are not covered.

#### **BUDGET RESOLUTION FOR THE COUNCIL'S OWN ACTIVITIES**

At its meeting on 15 December, the Council also approved a budget for the Supervisory Council, the Office of the Supervisory Council and the external auditor, which came to a total of NOK 47.5m for 2023. The budget resolution for 2023 and expenditure in 2022 are discussed in Chapter 5 of this report.

15 Laid down by Royal Decree on 13 December 2019 pursuant to the Central Bank Act, Section 311 (2).

16 Management Mandate for the Government Pension Fund Global, Section 1-1, cf Act No. 123 of 21 December 2005 relating to the Government Pension Fund, Section 2 (2).

17 Issued in accordance with International Standard on Assurance Engagements (ISAE) 3000 "Assurance engagements other than audits or reviews of historical financial information" from the International Auditing and Assurance Standards Board.

18 <https://www.globalreporting.org/>

19 Central Bank Act, Section 4-2.

---

---

SECTION 3

OTHER TASKS UNDER  
THE COUNCIL'S MANDATE

---

The report that the Supervisory Council is to submit to the Storting covers the requirements set out in the Central Bank Act. The Council's activities beyond these minimum reporting requirements are presented in this section. In 2022, there were three matters outside the Council's ordinary activities that were important: the appointment of employee representatives to the Executive Board and two consultation responses to the Ministry of Finance.

### 3.1 APPOINTMENT OF EMPLOYEE REPRESENTATIVES TO THE EXECUTIVE BOARD

The Central Bank Act states that Norges Bank's Executive Board is to consist of the Governor, the two Deputy Governors and six external board members. Section 2-3 (2) of the Act stipulates further: "In addition, two board members shall be appointed by and from the employees to participate in the deliberation of administrative matters. The method of appointment of these representatives shall be agreed between the Executive Board and the employees. The Supervisory Council shall determine the method of appointment in the absence of agreement."

In 2020, the Council carried out a supervisory review of the Executive Board's frameworks for and organisation of governance and control. One recommendation was: "Part of the Supervisory Council's mandate under the Central Bank Act is to monitor the agreement on the procedure for appointing employee-elected members of the Executive Board. The Board has approved a temporary election procedure and initiated a process to establish a more permanent procedure for appointing its employee-elected members. It is expected that the Board will inform the Council of future decisions."<sup>20</sup>

In December 2021, the Council received a letter from the Executive Board stating that agreement had not been reached between the Board and the employee organisations on the appointment procedure. In accordance with the provisions of the Central Bank Act, the matter was referred to the Council. The Council provisionally noted the letter from the Executive Board for information and asked the Board and employee representatives to present their views at its next meeting, ahead of any decision on the appointment procedure.

At this meeting, a presentation was given by the Executive Board and the employee organisations on proposals for a new appointment procedure. In its resolution, the Council

asked the Executive Board to submit "an account of Norges Bank's current attitude to the trade unions at the Bank". In addition, the Office of the Supervisory Council was asked to obtain "an authoritative evaluation of the interpretation of the wording 'by and from the employees' in Section 2-3 (2) of the Central Bank Act".

The Council found that the best solution would be for the Bank's management and the unions to reach agreement on the procedure for employee representation on the Executive Board. The resolution continues: "The Council asks the Executive Board to reconsider the matter based on the current attitude to trade unions at Norges Bank and the authoritative evaluation of the interpretation of the wording 'by and from the employees' in Section 2-3 (2) of the Central Bank Act."

Formal letters conveying the content of the resolution were sent to the Executive Board and to the Ministry of Finance as the executive authority for the Central Bank Act. The Ministry was asked to obtain an interpretation of Section 2-3 (2) of the Central Bank Act from the Ministry of Justice and Public Security's legislation department. An evaluation was requested of whether:

1. the current arrangement where the two largest trade unions each appoint one member and one alternate member to the Executive Board is consistent with Section 2-3 (2); and
2. the unions' proposal that the representatives are elected by and from employees of Norges Bank who are members of each union, and that those elected must be a member of the respective union, is consistent with Section 2-3 (2), including whether the level of union membership has any bearing on the interpretation of the term "by and from the employees".

In its response, the legislation department wrote that it was unable to provide an interpretation in this case, due partly to the current work situation. The Council took note of this letter at its meeting in September 2022.

In December, the Council received a response to the questions asked in its letter to the Executive Board in March. On the matter of Norges Bank's attitude to trade unions, the Board replied that the Bank's employees are its most important asset and that the Board considers it important to foster a working environment where employees treat one another with respect, where they feel safe to share and challenge, and where there are equal opportunities for all. The Bank ensures that the

trade unions are able to perform their roles efficiently and appropriately. The Bank ensures, via its intranet and a fixed item in its induction programme for new employees, that all employees are given information about the purpose and activities of the unions. Management in both operational areas attach importance to constructive and regular dialogue with the unions and see the importance of continuously developing this relationship.

The Executive Board had previously been informed of unsatisfactory levels of compliance with the collective agreements. Following the passing of the new Central Bank Act in 2019, when it was decided that the GPFG should remain under the management of Norges Bank, the collective agreements will also fully cover NBIM employees in Oslo during the course of 2023. The Board is pleased that this has now been resolved.

During its period of service since 2020, the Bank's management has not been aware of anything that might express negative attitudes to the trade unions or their activities. The Executive Board wishes to facilitate the work of the unions at Norges Bank. At the same time, the Board is neither able nor willing to speculate on future levels of union membership.

The Board notes that the Council considered letters from the ministries at its meeting in September and then asked the Board and the unions to reach agreement on an arrangement for the appointment of employee representatives to the Board. Against this background, the Board has initiated renewed dialogue with the unions.

Finally, the Council requested information on the role of the Executive Board's employee-elected members and whether the Board anticipated any changes in its composition as a result of the changes proposed.

The Board replied here that the Central Bank Act does not distinguish between employee representatives and other members of the Board beyond the method of appointment, but refers to the preparatory work on the Norges Bank Act of 1985 which stated that the employee representatives "represent the employees". While the practice since 1986 has been for the employee representatives to be appointed by the trade unions, the Executive Board is now of the view that members should be elected "by and from the employees" regardless of union membership.

The Council acknowledged that the answers from Norges Bank provided clarification, and noted that there is now a dialogue under way between the Executive Board and the

unions. The Council stressed the importance of the parties coming to an agreement on the matter. The following resolution was passed:

*The Supervisory Council takes note of the Executive Board's response to questions on the matter of employee-elected members of the Executive Board. It also takes note of the ongoing dialogue between the Executive Board and the trade unions with the aim of reaching agreement on the matter.*

### 3.2 INSTRUCTIONS RELATING TO RISK MANAGEMENT AND INTERNAL CONTROL AT NORGES BANK – CONSULTATION RESPONSE

When Act No. 31 of 21 June 2019 on Norges Bank and the Monetary System etc (Central Bank Act) was passed, the existing Regulation on Risk Management and Internal Control at Norges Bank from 2009 was retained. This is discussed in [Section 1.1](#) above. In spring 2022, the Supervisory Council was invited to respond to a consultation on the Ministry of Finance's proposals for updated rules.

In its response, the Council questioned whether the proposed instructions might dilute the Executive Board's responsibility under the Central Bank Act. The Council also questioned whether the detail of the instructions, including a compliance function for each operational area, might undermine the Executive Board's overall oversight of the Bank.

In its covering letter with the final new instructions, the Ministry wrote that the instructions do not, in its opinion, reduce the Executive Board's ability to follow best practice for risk management and internal control, and that the instructions have been formulated in a way that permits dynamic change. Nor do its provisions alter the Executive Board's overall responsibility for Norges Bank as set out in the Central Bank Act. The Ministry also considered the comment about two compliance functions and argued that this reflects the system in the Central Bank Act with two separate general managers. Two compliance functions will ensure adequate specialist expertise in these functions and make it easier for the Executive Board to assess risks across the two operational areas.

The new instructions entered into force on 1 July 2022.

### 3.3 NOU 2022:12 “THE FUND IN A CHANGING WORLD” – CONSULTATION RESPONSE

In autumn 2021, the Ministry of Finance appointed a commission to look at international economic and political developments that may be relevant to the GPFG in the coming years, and what implications they may have for the management and governance of the fund.

The Chair and Deputy Chair of the Supervisory Council were invited to a meeting with the commission in May 2022 to present the Council’s perspective, including ideas on how key issues in the mandate for the GPFG might affect the Council’s ability to perform its supervisory duties. The commission’s report NOU 2022:12 “The Fund in a changing world” was sent out for consultation in September 2022.

The Council submitted its response in December 2022. In summary, the Council had the following comments:

- **Deep and relevant expertise will continue to be essential**

Deep and relevant expertise at the institutions is essential for the GPFG to be equipped for the future, including expertise in the management and control of risk. It is important to attract skilled and suitable people to Norges Bank, but just as important to further develop the skills of existing employees and contribute to effective knowledge sharing both internally and between the institutions.

- **Overfrequent reviews of the investment strategy would be inappropriate**

The commission’s recommendation of frequent reviews of the investment strategy might come at the cost of stability, a long-term perspective and predictability. This is an issue that the commission itself raises, and it therefore proposes that the reviews should not “be linked too closely to political cycles and parliamentary elections where the wishes of new politicians might lead to a different investment strategy”. Such a proposal must not be allowed to challenge the fundamental principle that a minister has the responsibility, and that it is the Ministry of Finance that decides the investment strategy at any given time. If the commission’s recommendation for frequent reviews is adopted, the Ministry of Finance should ensure that the needs for stability, a long-term perspective and predictability continue to be met in the future, but in

different ways and on a different basis to those presented by the commission in its report.

- **An external council that complicates the governance structure for the GPFG must be avoided**

The commission proposes establishing an external council which can, among other things, make recommendations to the Ministry of Finance on measures relating to the management of the GPFG’s risk exposure. It is rather unclear what value this would add in relation to current practice. Regardless of this, a committee that directly or indirectly muddies or complicates the governance structure for the GPFG must be avoided. The expertise needed for effective assessment of the GPFG’s risk exposure should first and foremost be integrated into the institutions.

- **A more general and principles-based mandate might have unfortunate consequences**

The commission’s proposal that consideration is given to a more general and principles-based mandate could have unfortunate consequences, partly by increasing the scope for differing interpretations. A general mandate would also make it harder to verify Norges Bank’s compliance with provisions, rules, guidelines and standards. The specific areas removed from the mandate would not necessarily be subject to the same kind of control as currently. This would be unfortunate, because the overall supervision and control of Norges Bank would be weakened. Another consequence might be reduced transparency. If matters currently considered and decided by the Ministry of Finance were to be transferred to the Executive Board through a more general mandate, transparency might be reduced since there is less openness about the Executive Board’s assessments and decisions, as well as compliance.

- **Contingency planning should also cover “stranding effects”**

Russia’s attack on Ukraine has highlighted a number of important issues, including the “stranding” of the GPFG’s Russian shares due to the suspension of trading and sanctions. There needs to be increased awareness of such stranding effects more generally – geopolitical risks could, for example, affect the GPFG indirectly through key services such as custody. It is also important that such events are carefully considered and assessed in connection with work on contingency planning.

---

---

SECTION 4

PRIORITIES FOR FUTURE WORK

---

One area on which the Supervisory Council is required to report to the Storting is the priorities the Council has for its future work.

The Council's role in society and duties under the Central Bank Act have been unchanged since 2010.<sup>21</sup> In its supervisory work, it is important for the Council to have a long-term and holistic perspective while maintaining sufficient flexibility to deal with questions that come up during the Council's discussions. In addition to its regular and ongoing tasks, the Council prioritises the further development of its control and supervision work and its understanding of Norges Bank's duties. The Council considers clarity, communication and transparency to be important, as is helping ensure that Norges Bank has a good reputation.

The Supervisory Council's planning document was updated in 2022. The following three areas are to be prioritised in the coming three-year period:

- Further development of control and supervision work
- Profile and communication
- Competence

Within these three areas, an annual action plan is to be prepared, setting out concrete tasks with activities, responsibilities and deadlines for the coming year. Potential areas for improvement will be discussed through the annual evaluation of the Council's work. Meetings with key players for the Council's activities, clear communication both internally and externally, and further skills building in line with the approved skills plan will be important for the Council in 2023.

All members were given a broad introduction to Norges Bank's activities at meetings and seminars in 2022. The seminar theme for 2023 will be considered on the basis of the Council's approved skills plan in the light of the theme for supervision.

The priorities for the Council's supervisory activities are set partly on the basis of a risk assessment and partly on the basis of the objective that all parts of Norges Bank's operations should be subject to supervision with a degree of regularity. The Council is to ensure that its supervision

is topical, partly by also covering areas where there have been changes to the rules, changes to the organisation or major changes to systems. The Council mainly has an internal perspective focusing on the running of Norges Bank. However, it is not possible to avoid the influence of global events. Our part of the world has gone from a relatively stable situation to two years of pandemic. The after-shocks of the pandemic are still being felt, and there has been war in Europe for more than a year. There is geopolitical uncertainty and a need for increased vigilance in society as a whole. This is also affecting the work of the Supervisory Council, which needs to have sufficient expertise to be able to confirm that Norges Bank too is taking account of the global picture in its planning and operations. Against this background, the Council has decided to focus particularly on one key theme in 2023: Preparedness.

Preparedness as the main theme for supervision in 2023 will be wide-ranging and include non-conformance, resilience and business continuity. A review of the Bank's reporting, minutes, action plans and activities will look specifically for information in this area, in addition to general oversight. It must be stressed that all tasks and activities at the Bank will be part of the review: not just those related to preparedness for physical events, but also the Bank's plans in the case of extraordinary market events, for example. Partly through seminars, the Council will obtain information on international events, tensions and crises, and how these are affecting the global economy, central banking and investment.

For its supervision to be as relevant and topical as possible, the plan is for relatively brief reports and investigations, ideally linked to regular reporting from the Executive Board, rather than lengthy investigative processes. If the Council finds there is a need to dive deeper, this can be done through supervisory reviews or formal dialogue with the Executive Board.

<sup>21</sup> *Proposition No. 58 to the Odelsting (2008-2009) on the amendment of the Norges Bank Act with respect to new accounting and auditing rules etc., and Bill 101 L (2009-2010) on the amendment of the Norges Bank Act with respect to the Supervisory Council's direct reporting to the Storting. Both sets of changes were retained in the new Central Bank Act of 2020.*

---

---

SECTION 5

NORGES BANK'S SUPERVISORY  
COUNCIL'S ORGANISATION OF ITS  
WORK

---

In this chapter, the Council reports on how it organised its supervision. It also presents the Council's activities and expenditure in 2022. The appointment and composition of the Supervisory Council are regulated by Section 2-16 of the Central Bank Act. The same section also requires the Council to have a secretariat.

## 5.1 ORGANISATION OF SUPERVISION

### SUPERVISORY COUNCIL

The duties of the Supervisory Council are set out in Section 2-17 of the Central Bank Act: "The Supervisory Council shall supervise in accordance with Section 4-1, approve budgets pursuant to Section 4-2, adopt financial statements pursuant to Section 4-3, appoint the auditor pursuant to Section 4-4 and determine the method of appointment, if applicable, of employee representatives on the Executive Board<sup>22</sup> pursuant to Section 2-3, Sub-section 2, third sentence."

Within its area of responsibility, the Council has issued the following rules for Norges Bank's activities:

- Budget rules for Norges Bank
- Rules on loans to employees of Norges Bank
- Guidelines for the Council's supervision of companies owned by Norges Bank in connection with investments in the GPF

These relate directly to the Council's duties under the Central Bank Act. The Council supervises compliance with these rules.

The Council has also issued three sets of guidelines on the organisation of its own work:

- Rules of procedure for the Supervisory Council
- Mandate for the Permanent Committee
- Instructions for the Office of the Supervisory Council

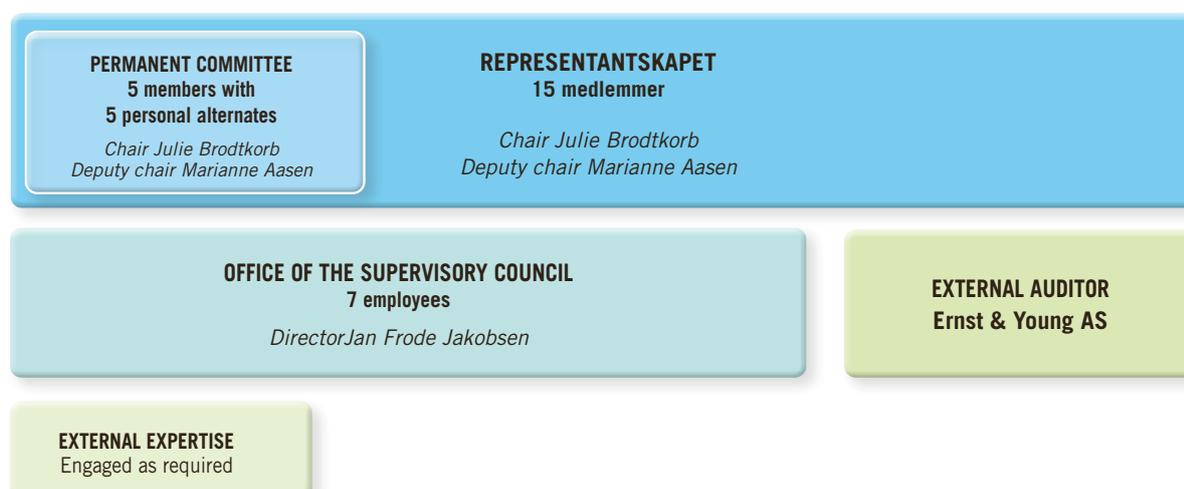
The Council's members are covered by the duty of confidentiality set out in Section 5-2 of the Central Bank Act. Under the rules of procedure, it is primarily the chair – or a person nominated by the chair – who makes public statements on behalf of the Council.

### PERMANENT COMMITTEE

With respect to the organisation of the Supervisory Council's work, the Central Bank Act stipulates that the Council may from its members appoint committees to prepare matters for deliberation by the Council.

The Permanent Committee is a standing working committee provided for in the Council's rules of procedure which operates under a mandate from the Council. The Permanent Committee has no powers to take decisions on behalf of the Council, but as a committee of the Council it does have the right of access to all of the Bank's affairs.

**FIGURE 7** THE SUPERVISORY COUNCIL'S ORGANISATION STRUCTURE AND RESOURCES



The Permanent Committee is led by the Council's chair and deputy chair. The other three members and five personal alternates were elected for a term of two years at the Council's inaugural meeting on 20 January 2022. The composition of the committee is presented above.

The chair calls meetings as often as is required, or when at least two members so request. The purpose of the meetings is to set the agenda for Council meetings, review submitted documentation, request introductory briefings from Norges Bank, and propose resolutions for consideration by the Council. The minutes of the Permanent Committee's meetings are circulated with the discussion documents and present significant discussions and statements.

The Governor may be asked to attend meetings of the Permanent Committee. The Executive Board or Governor may also ask to provide information and present their assessments for consideration by the Council before the Permanent Committee makes its recommendation on a resolution.

#### OFFICE OF THE SUPERVISORY COUNCIL

The Supervisory Council has established a secretariat as required by the Central Bank Act, which also states: "In matters pertaining to the employees of the secretariat, the Supervisory Council shall represent Norges Bank as employer."<sup>23</sup>

The work of the Office of the Supervisory Council is regulated by the Council's rules of procedure and a separate set of instructions. In 2022, the Office had seven permanent employees led by its Director. The Council considers it important for the Office to have the expertise and resources needed for its duties. This applies both to its own staff and to the ability to hire/purchase external specialist expertise as required.

The Office reports directly to the Council and is completely independent of both the Executive Board and the Bank's management. The Director is to keep the Council informed of any important matters relating to the working environment. The Office's employees have a right to attend meetings of the Supervisory Council when it is considering administrative matters concerning the Office.

The Director is to keep the Council informed of work on significant supervisory and control activities, and attends meetings of the Council and the Permanent Committee. In addition, the Director is to help the Permanent Committee prepare matters to be considered by the

Council and ensure that the Council receives the necessary advice. It is an established practice for employees of the Office to attend meetings of the Permanent Committee and the Council in order to advise on technical matters. The Director may also bring along external specialists such as the external auditor.

The Director is mandated to recruit and dismiss staff, and set salaries and terms of employment within the constraints laid down by the Council. The Council decides on the Director's employment contract, remuneration and other terms of employment.

The Office manages and organises the meetings, seminars and professional activities of the Permanent Committee and the Council. Its other duties are to:

- carry out supervisory tasks on behalf of the Supervisory Council
- contribute to the Council's consideration of Norges Bank's budget and annual financial statements
- serve as an advisory and investigational body for the Council
- prepare and provide assistance with items for the Supervisory Council
- assist with signing an engagement agreement with the external auditor, and manage the agreement
- facilitate professional development activities for the Supervisory Council
- co-ordinate contact with the Storting, the Office of the Auditor General and the Ministry of Finance
- draft the annual report to the Storting and publish the approved version

The Office also holds meetings with the Ministry of Finance and the Office of the Auditor General to exchange information relevant to the supervision of the management of the GPF. These meetings include updates on planned and implemented supervisory and auditing activities.

The framework for supervision work follows from the plans and budgets approved by the Supervisory Council. The Office is to have an appropriate organisation structure, with priority given to developing a good technical team with relevant multidisciplinary expertise. Its staff have a strong insight into areas such as economics, accountancy, law, finance, investment management, corporate governance, risk management and internal control. Important foundations for its work include an understanding of the Office's role, integrity, objectivity and due care in the conduct of its duties.

High levels of expertise are required to understand and assess the most important developments in Norges Bank's activities and their potential impact on supervisory activities. Development opportunities are provided by strong professional networks, access to specialist resources and frequent contact with the Bank's management and operational areas. Besides participating in relevant courses and conferences, the Office arranges meetings and technical seminars. Speakers are sourced from various centres of expertise, international contacts and the Bank's operational areas.

The Office's staff took part in a number of professional development activities in 2022, covering areas such as good cash handling practices, international standards for risk management and compliance, ICT security and investment management. Regulatory changes and other information from bodies such as the Ministry of Finance, IMF, BIS, ECB, Financial Supervisory Authority of Norway, Norwegian Data Protection Authority and Norwegian National Security Authority are also monitored. Two employees are taking part in a Master's programme on "Governance: Risk management, compliance and internal auditing" at BI Norwegian Business School in 2022/2023.

Skills building is also very important both for supervisory reviews and as part of preparations for the Supervisory Council's work. The Director may hire external experts to supplement the Office's own resources within the plans and budgets approved by the Council.

#### NORGES BANK'S EXTERNAL AUDITOR

The Supervisory Council has signed an engagement agreement with Ernst & Young AS (EY) for the period 2022–2027. The previous auditor, Deloitte AS, completed its work with the final reporting for 2021 considered by the Council on 17 March 2022.

All previous agreements between EY and Norges Bank were reviewed and terminated, and there are no conflicts of interest in the engagement. The Office of the Supervisory Council handles day-to-day contact with the external auditor and manages the engagement agreement.

#### CONTACT WITH THE OFFICE OF THE AUDITOR GENERAL

Guidelines for the exchange of information and co-ordination of auditing and supervision between the Office of the Auditor General and Norges Bank's Supervisory Council with regard to the GPFG were signed by the then Auditor General and chair of the Supervisory Council in 2010.<sup>24</sup> The guidelines set out the roles of the two supervisory

bodies in their professional co-operation. The Office of the Supervisory Council facilitates the exchange of information between the Council, the external auditor and the Office of the Auditor General on the auditing and supervision of the GPFG.

The external auditor provides the Office of the Auditor General with a detailed presentation of the results of its financial audit of the GPFG, which the Office of the Auditor General can build on when auditing the central government accounts. The Office of the Auditor General also receives information about supervisory reviews and assurance projects.

## 5.2 THE SUPERVISORY COUNCIL'S ACTIVITIES IN 2022

### MEETINGS AND ITEMS CONSIDERED IN 2022

A meeting schedule is decided in advance of each calendar year. The timing and content are based on deadlines for reporting at Norges Bank within the Supervisory Council's areas of responsibility.

The Council held six meetings in 2022 in addition to its inaugural meeting in January. The Permanent Committee had six preparatory meetings. The Council prefers to meet in person, and so meetings have been held in person since the lifting of pandemic restrictions in February/March 2022, although participating remotely has been an option.

The Council's rules of procedure require at least eight members to attend a meeting either in person or remotely for it to be quorate. The Council was quorate at all meetings in 2022. Three members participated in three or fewer meetings.

**TABLE 1 ATTENDANCE OF MEETINGS**

MEETING	MEMBERS PRESENT
February	13
March	12
June	12
September	10
November	12
December	9

### BREAKDOWN OF ITEMS CONSIDERED BY THE COUNCIL IN 2022

The Supervisory Council considered 122 items in 2022. Items are defined as documents received from the Executive Board for consideration and documents prepared by the Office of the Supervisory Council on the Council's behalf. Items are normally either "taken note of" or "noted for information". The Council "takes note" of items that are material to its supervision. This means that the Council has considered the document and taken a position on it. An item "noted for information" is not material to the Council's supervision but provides useful background. The Council does not take a position on the presentation of an item.

As can be seen from Figure 8, 25 percent of items in 2022 concerned the Council's own activities, such as minutes of its own meetings, consultation responses, its own budget and its self-evaluation. More than 30 percent of items considered by the Council were of a general nature concerning the whole of Norges Bank or both operational areas together, such as the minutes of Executive Board meetings, briefings, assessments and investigations. The remaining items were divided evenly between NBCBO and NBIM.

Figure 8 provides information on the breakdown between different types of items, but not on the Council's consideration of these items or the time this took. Time consumption at meetings depends largely on whether items are accompanied by a presentation and whether

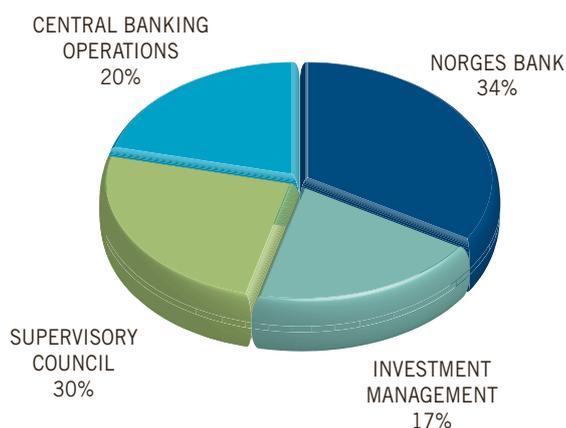
the Council has follow-up questions. An item to be "taken note of" normally requires more time than one that is "noted for information". Figure 9 presents a rough breakdown of the Council's time consumption in 2022 based on the minutes of meetings.

Figure 9 shows that the Council spent 50 percent of its time at meetings on items relating to NBIM, 25 percent on items of a Bank-wide nature, 15 percent on items relating to NBCBO and 10 percent on items such as its own minutes and plans. One type of item where time consumption has not been measured is "topical issues". This is a fixed item on the agenda at the Council's meetings where the Bank's management provide information on key developments since the previous meeting. This often covers central banking matters such as the monetary policy report or the economic outlook.

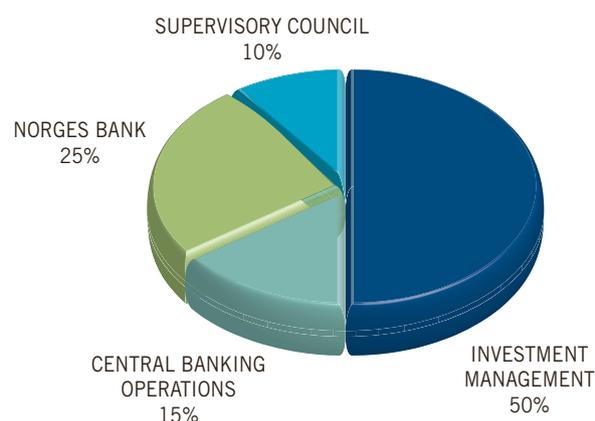
As can be seen from Figure 10, 65 percent of items considered by the Council in 2022 had to do with supervision. This included supervision projects initiated by the Council, the minutes of Executive Board meetings, and regular reporting from Norges Bank in areas such as compliance and control.

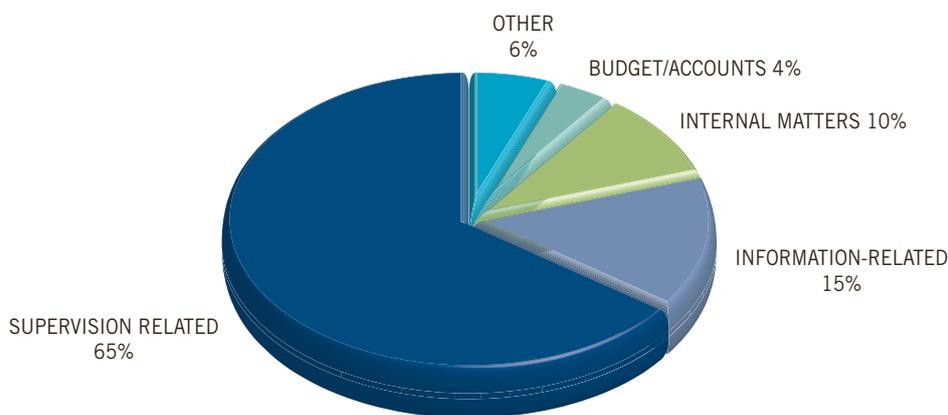
Information-related items are useful for understanding Norges Bank's activities. Examples in 2022 included information on the economic outlook, interest rate movements and a new expectations document from NBIM, which are areas that do not fall directly under the Council's supervision.

**FIGURE 8** ITEMS CONSIDERED BY THE SUPERVISORY COUNCIL IN 2022



**FIGURE 9** TIME CONSUMPTION AT MEETINGS



**FIGURE 10** ITEMS BY TYPE

The Bank's budget and annual financial statements are important items where the Council has specific duties under the Central Bank Act. The consideration of the budget in December and the consideration of the annual financial statements in February are fixed items each year.

Other items that took up time in 2022 included particularly the election of employee representatives onto the Executive Board, which was discussed on multiple occasions. The Council also submitted consultation responses on both the new Instructions for Risk Management and Internal Control at Norges Bank and the Sverdrup Commission's report NOU 2012:12 "The Fund in a changing world".

### PROFESSIONAL DEVELOPMENT

Members of the Council collectively have broad expertise and experience from the Storting, government work, key areas of Norwegian society, public administration and industry. The Council also has a goal of maintaining and developing its understanding of Norges Bank's overall activities and relevant risks. Its professional development plan presents potential sources of knowledge and activities such as briefings at meetings, seminars and study visits.

The plan includes a list of topics that it is relevant for the Council to have a good understanding of, and suggestions on how to build up expertise in them. The plan runs for four years but is flexible and will reflect developments in society in terms of the choice of topics.

The Council acquired knowledge and information in a number of relevant areas in 2022:

- At its meetings in 2022, the Governor informed the Council regularly about developments in threats and risks, including how Norges Bank was being affected by the war in Ukraine. NBIM's CEO also provided information on the fund's work in this uncertain situation. The Council asked questions about the increased threats to cybersecurity as a result of the war in Ukraine.
- The Council received information about the economic situation, factors driving inflation, the significance of energy prices, and the relationship between investors and workers. The Governor answered questions about the impact on the supply side, domestic consumption, productivity growth, real wage growth and more. Information was also given on the process around Norges Bank's budget and new strategy through to 2025. The Council asked questions including how the new strategy aligns with the existing strategy, whether there are any conflicts between the strategies for the individual operational areas, and what new capabilities are expected to be needed in future.
- NBIM's CEO provided information on matters relevant to NBIM, including recruitment, professional development for NBIM employees, and internal and external communication.
- At the Council's request, the Bank's management provided information on the mandate for the government commission reviewing the Financial Supervision Act and the activities of the Financial Supervisory Authority of Norway. The Council was given a presentation and had questions answered on, for example,

the pros and cons of the models for the ECB and the Bank of England.

- At a seminar during the summer, the Council on Ethics presented its work and its organisation. The Bank's management gave an update on its work on climate risk, and NBIM presented the process for drawing up its expectation documents. The operationalisation of these documents was another topic. NBIM also presented the frameworks and processes for approving markets. At one meeting, a special briefing was given on the expectation document on human capital. The Council asked questions about priorities and capacity when it comes to following up the expectation document, and whether NBIM will offer recommendations for how companies should conduct themselves in the areas prioritised by the GPFG.
- In September, the Council visited NBIM's office in London. Briefings were given on NBIM's international operations in general and the London office in particular. A presentation was given on the geopolitical situation and how it is affecting international markets and NBIM. The Council also received a brief introduction to unlisted real estate, holding structures and portfolio management.
- At the London seminar, the external auditor gave a briefing on challenges and developments in the real estate market, and on the accounting challenges associated with valuing investments in unlisted real estate. The seminar also included a visit to the Bank of England where information was provided on climate work and trends in the cash and payment system.
- At the end of 2022, a mini-seminar was held where the Council received a presentation of Norges Bank's work on central bank digital currency and the annual Financial Stability Report. The Bank's management gave a presentation on the Sverdrup Commission's report NOU 2022:12 "The Fund in a changing world".

For a third year, students at NHH Norwegian School of Economics wrote a Master's thesis for the Supervisory Council. The title this time was: "Doing well while doing what?" The thesis presented an empirical analysis of the returns of companies excluded from the GPFG from 2005 to 2022. The analysis looked at whether these companies delivered an excess return during the period, including differences between developed and emerging markets, time periods, exclusion criteria and industrial sectors.

The students shared offices with the Office of the Supervisory Council and received technical support and professional guidance. The thesis was then presented to the Council. This arrangement of inviting Master's students to collaborate will be continued, but will form part of the supervisory process to a greater extent in future years.

#### **CLEAR COMMUNICATION ON THE SUPERVISORY COUNCIL'S WORK**

The Council has noted considerable public interest in Norges Bank's operations and supervision. The goal is to provide more access to information than the minimum legal requirement. This is to be achieved within the constraints laid down in the Central Bank Act, the Freedom of Information Act and other relevant rules on Norges Bank's activities. This also applies to access requests, which are assessed individually. Some limitations are created by the fact that the underlying documentation for items considered by the Council often consists of internal communications.

In order to maintain trust between the various parts of Norges Bank, it is important that the Bank's departments can write assessments and reports for the Executive Board, and that the Board can pass on any documents that are important to the Council's supervision. In view of this, a thorough assessment is made before any such documents are made public in response to an access request.

The approved minutes of the Council's meetings are published on the Council's [website](#). The minutes show the Council's resolution and members' questions and assessments during the consideration of an item. They also show the Governor's responses and explanations. Remarks during the year, the Executive Board's follow-up of comments from supervision, and any unresolved matters subject to further follow-up are also presented in the minutes. The Council's discussions and questions put to the Bank's management also contribute to transparency about Norges Bank.

Other information published on the website includes:

- The Supervisory Council's rules of procedure and other guidelines and planning documents for its work
- Assurance statements, which are also forwarded to the Ministry of Finance
- The annual Report to the Storting (Document No. 9), which paints a complete picture of the Council's duties, assessments of the Bank's control structure, and the supervisory activities carried out

**TABLE 2** FIXED FEES FOR THE SUPERVISORY COUNCIL FOR 2022-2023 PAYABLE FROM 1 JANUARY 2022

	SUPERVISORY COUNCIL	PERMANENT COMMITTEE	PER MEMBER	TOTAL FIXED FEES
Chair	70 200	105 200	175 400	175 400
Deputy chair	46 800	70 200	117 000	117 000
Three other members of the Permanent Committee	35 200	70 200	105 400	316 200
Ten other members of the Supervisory Council	35 200		35 200	352 000
Total fixed fees 2022				960 600

External communication between the Council and the Ministry of Finance, for instance, can be found in Norges Bank's register of public documents.

The Governor's annual address receives considerable media coverage and is a useful contribution to transparency about the Bank's role as a provider of advice and information. It is a tradition for the Council to attend the address.

The chair of the Supervisory Council welcomes the audience on behalf of Norges Bank and introduces the Governor. Since 1986, the address has been entitled "Economic perspectives". The Governor aims to cover a broad range of topics that are important for the Norwegian economy and Norges Bank's choices.

#### EVALUATION OF THE COUNCIL'S WORK

Members of the Supervisory Council perform an annual self-evaluation of their work. The self-evaluation covers the Council's working procedures, the discussions at its meetings, and relations with the Office, external auditor and advisers. The aim is to identify areas with room for improvement in order to strengthen the Council's supervision and other work. The results of the questionnaire, which is anonymous, are discussed at a meeting, and any proposed measures are followed up by the chair of the Council and the Office. The Bank's management attends the presentation of the summary findings. In the self-evaluation for 2022, the Council stressed that discussion documents should be written in Norwegian and underlined the importance of them being submitted in good time. The main outcome for 2022 was that the Council's work functioned well.

## 5.3 THE SUPERVISORY COUNCIL'S EXPENDITURE IN 2022

### REMUNERATION OF MEMBERS

The Storting sets the Supervisory Council's remuneration as an annual fee for the role.<sup>25</sup> This fee is adjusted every two years. The rates payable in 2022 and 2023 are shown in Table 2.<sup>26</sup> Fixed fees totalling NOK 960,600 were paid in 2022, an increase of 6 percent on the previous two-year period.

Alternate members of the Permanent Committee receive NOK 4,000 for each meeting they attend. In 2022, one alternate attended one meeting. The members of the Supervisory Council or their employers may also be reimbursed for loss of income due to attending meetings of the Council, on top of the fee set by the Storting. Employers may be reimbursed at actual hourly rates according to the central government tariff for enterprises where employees' time is billed out. The Council has issued criteria for this.<sup>27</sup> These reimbursements totalled NOK 107,400 in 2022, compared with NOK 147,430 in 2021.

Total fees for the Council therefore came to NOK 1,072,000 in 2022, compared with NOK 1,051,430 in 2021.

### OTHER COSTS

Annual expenditure is reconciled against the budget adopted by the Supervisory Council. Total costs for the Council's activities in 2022 were NOK 39.4m. These costs are broken down in Table 3 and include the Office of the Supervisory Council, the external auditor and the use of external advisers. This expenditure is included in Norges Bank's annual financial statements.

Total running costs for the Council's organisation came in NOK 4.9m below budget in 2022. This was due partly to much lower costs for travelling to meetings, including lower reimbursements for loss of income. A total of NOK 536,000 was paid for external consulting services, including translations of reports and supervisory reviews.

The Council and the Office receive administrative services as required from Norges Bank under a service agreement. Rent and shared costs are charged to the Office at fixed prices. The agreement covers the use of offices and other premises such as canteens and meeting rooms, archiving, use of IT hardware, support from the Bank with procurement, security and contingency planning, and payroll and personnel services. It also covers meeting arrangements, travel security, agreements with travel agents, etc. The independent position of the Office and the Council in relation to Norges Bank is assured through this service agreement.

The Director of the Office of the Supervisory Council was paid a salary of NOK 2,191,596 in 2022, compared with NOK 2,136,201 in 2021. Pension contributions amounted to NOK 374,831, and other benefits (electronic communication, insurance and other payments in kind) came to NOK 9,646.

The external auditor's fees are paid on the basis of the engagement agreement, including VAT. The cost of financial auditing by EY in 2022 was NOK 9.5m. Final auditing costs for Deloitte's work on the Bank's annual reports for 2021 and associated auditor's reports were paid in 2022 and amounted to NOK 3.6m.

Deloitte AS also received fees of NOK 0.3m under agreements on regular assurance statements relating to the Bank's annual reporting for 2021. Costs for supervi-

sion-related assurance engagements performed by EY came to NOK 0.9m.

Costs for the Supervisory Council's activities, including fees paid for the work of the external auditor, are included in Norges Bank's financial statements and detailed in the notes to those statements.<sup>28</sup>

### THE SUPERVISORY COUNCIL'S BUDGET FOR 2023

The Council considered its own budget for 2023 at its meeting of 15 December 2022. The total budget approved for the Council, the Office and the external auditor is NOK 47.5m – see Table 3. The budget for the Council's own activities is NOK 3.75m. This budget covers all fees, meeting costs, seminars and study trips with travel expenditure, based on the meeting schedule set for 2023. The Storting has set members' fixed fees for 2022 and 2023. These are budgeted at NOK 960,600.<sup>29</sup>

The Office of the Supervisory Council's budget of NOK 27.4m is based on it having eight FTEs. Rent and shared costs under the service agreement with Norges Bank are unchanged at NOK 7.9m. Based on the supervision plan for 2023, NOK 2.0m has been budgeted for purchases of services from various external experts.

An audit fee of NOK 13.3m has been budgeted for the statutory financial audits of Norges Bank's annual financial statements and the interim financial reporting for the GPF for 2023. This is in line with the engagement agreement entered into with EY. A total of NOK 3.0m has been budgeted for regular annual assurance engagements and any supervisory reviews which the Supervisory Council chooses to conduct as part of its supervision in 2023.

**TABLE 3 THE SUPERVISORY COUNCIL'S OVERALL EXPENDITURE**

	BUDGET	ACTUAL	ACTUAL	ACTUAL
THOUSANDS OF NOK	2023	2022	2021	2020
Supervisory Council	3 751	2 469	1 788	2 459
Office of the Supervisory Council	27 412	22 533	22 907	23 602
Statutory audit	13 317	13 111	14 807	2 179
Assurance engagements	3 000	1 286	1 842	14 638
Total	47 480	39 399	41 344	42 878

## 5.4 THE SUPERVISORY COUNCIL'S MEMBERS

The Supervisory Council's 15 members are elected by the Storting for a four-year term.<sup>30</sup> The chair and deputy chair appointed by the Storting for the period 2023–2024 are Julie Brodtkorb and Marianne Aasen.

Members may be re-elected for a total of eight years.

This report has been submitted by the Supervisory Council serving in 2023. Its members are profiled below. Geographically, they reside in six different counties.<sup>31</sup> Five of its members, or 33 per cent, are women.

## PERMANENT COMMITTEE

The Permanent Committee is a standing working committee provided for in the Council's rules of procedure which operates under a mandate from the Council. It held six meetings in 2022. Except for one where an alternate took part, all members attended all meetings.

**TABLE 4 MEMBERS OF THE SUPERVISORY COUNCIL FOR 2023**

MEMBER	FIRST ELECTED	CURRENT TERM
Julie Brodtkorb, chair 2022–2023	2018	2022–2025
Marianne Aasen, deputy chair 2022–2023	2020	2020–2023
Harald Espedal	2020	2020–2023
Mathias Hunskår Furevik	2022	2022–2025
Gjermund Hagesæter	2018	2022–2025
Line Henriette Holten	2020	2020–2023
Tord Hustveit	2022	2022–2025
Alf Einar Jakobsen	2021	2021–2023
Martin Kolberg	2022	2022–2025
Per Botolf Maurseth	2021	2021–2023
Eli Hovd Prestegården	2021	2021–2023
Tom Henning Slethei	2022	2022–2025
Eirin Kristin Sund	2020	2020–2023
Morten Sjøberg	2018	2022–2025
Lars Bjarne Tvette	2020	2020–2023

**TABLE 5 MEMBERS OF THE PERMANENT COMMITTEE**

FULL MEMBERS	PERSONAL ALTERNATES
Julie Brodtkorb, chair	Harald Espedal
Marianne Aasen, deputy chair	Eirin Kristin Sund
Gjermund Hagesæter	Line Henriette Holten
Martin Kolberg	Mathias Hunskår Furevik
Morten Sjøberg	Per Botolf Maurseth

## PROFILES OF COUNCIL MEMBERS



### Julie Brodtkorb, chair

- CEO of the Norwegian Association of Heavy Equipment Contractors
- Past experience includes secretary of state and chief of staff at the Office of the Prime Minister, member of Oslo city council, adviser on business and finance policy, chair of the Norwegian Broadcasting Council, communications director at Utfors AS, CEO of JKL Group and consultant at Geelmuyden Kiese
- MBA from the Norwegian School of Economics



### Marianne Aasen, deputy chair

- Chair of Nedre Romerike brann og redningsvesen IKS, municipal councillor in Asker
- Past experience includes member of the Storting and its Standing Committees on Finance and Economic Affairs, and Education, Research and Church Affairs, political adviser at the Ministry of Local Government, head of information at the European Movement, journalist and director of Simula Learning, and chair of the parliamentary commission on university admissions (NOU 2022:17)
- MA from the University of Oslo



### Harald Espedal

- Owner of investment firm Espedal & Co and CEO of Salt Capital AS
- Chair of Retail Office AS, Lyse AS, Sandnes Sparebank and Solstad Offshore ASA, deputy chair of Stavanger Concert Hall, and board member of Aspelin Ramm and the Norwegian School of Economics
- Past experience includes CEO of SKAGEN, deputy chair and board member at Oslo Børs VPS and Oslo Børs, board member at the Norwegian Opera and Ballet, head of financial planning and analysis at Sparebank 1 SR-Bank, and head of the Stavanger office of the consultancy and auditing firm Arthur Andersen
- MBA from the Norwegian School of Economics, State-Authorised Public Accountant



### Mathias Hunsjør Furevik

- Analyst at Sparebanken Vest
- Employee representative in Sparebanken Vest's general assembly
- Past experience includes leader of a party group on Bergen city council and member of Bergen municipality's supervisory committee



### Gjermund Hagesæter

- Municipal chief executive of Fitjar municipality
- Past experience includes member of the Storting, fiscal policy spokesperson, member of the Standing Committees on Finance and Economic Affairs, Local Government and Public Administration, and Scrutiny and Constitutional Affairs, state secretary at the Ministry of Justice, county and municipal councillor, officer in the Armed Forces, municipal chief executive, deputy chair of Haukeland Hospital, and member of the board of Nordhordland Kraftlag, the transport committee in Hordaland, and the board of the European Movement
- Law degree from the University of Bergen and economics degree from the Norwegian School of Economics



### Line Henriette Holten

- Secretary-general of the Norwegian Society of Graduate Technical and Scientific Professionals
- Chair of Det Norske Skogselskap
- Past experience includes member of the Storting and its Standing Committees on Energy and the Environment, Health and Social Affairs, and Business and Industry, fifth vice president of the Storting, political adviser at the Ministry of Health and Ministry of Labour and Social Affairs, chair of a parliamentary commission, deputy chair of the Norwegian Institute of Bioeconomy Research, member of Askim town council, and director of social policy at the Norwegian Society of Graduate Technical and Scientific Professionals
- MA in theology from the Norwegian Faculty of Theology



### Tord Hustveit

- Economist at Statkraft
- Past experience includes Chair of Young Liberals of Norway and member of Akershus county council
- MA in Economics from the University of Oslo



### Alf Einar Jakobsen

- Deputy chair of the Norwegian Air Ambulance Foundation and Digforsk AS
- Past experience includes attending deputy member of the Storting, member of the Standing Committees on Social Affairs and Finance and Economic Affairs, political secretary and state secretary at the Ministry of Social Affairs, mayor, municipal councillor, head of health and social services in Hammerfest, office manager for the nursing degree course at Finnmark University College, positions at mental health and drug abuse institutions, board member of sports organisations at local and regional level as well as of the Norwegian Olympic and Paralympic Committee and Confederation of Sports, and board and management roles in the petroleum industry
- BA in administration and management from Finnmark Regional College and civil service training at the service for alcoholics



### Martin Arvid Kolberg

- Lecturer on politics
- Chair of Buskerud Labour Party
- Past experience includes member of the Storting, member of the Standing Committee on Foreign Affairs and Defence, Chair of the Standing Committee on Scrutiny and Constitutional Affairs, state secretary at the Office of the Prime Minister and the Ministry of Defence, party secretary, head of secretariat for the Labour Party's parliamentary group, member of Lier municipal council



### Per Botolf Maurseth

- Associate professor at BI Norwegian Business School
- Past experience includes state secretary at the Ministry of Education and Research, researcher at the Norwegian Institute of International Affairs (NUPI) and board member at the Government Pension Fund Norway
- Doctorate in economics from the University of Oslo



### **Eli Hovd Prestegården**

- County councillor and committee chair in Viken, manager of Mårbu seter og fjellstue
- Past experience includes deputy mayor and mayor of Nore og Uvdal municipality, deputy member of the Storting, board member at the Association of Outlying Municipalities and Association of Hydropower-producing Municipalities, general manager at a building supplies shop, bank worker
- Tourism at Wang school, and organisation, management and support teaching at NKI Distance Education



### **Tom Henning Slethei**

- Mayor of Sola municipality, self-employed
- Chair of Jåsund Utviklingsselskap AS, Hummeren Hotell AS, Tananger Leilighetshotell AS, Risavika Handelseiendom AS, Myklebust Butikkeiendom AS, Stadionparken Nærings-eiendom AS, Hestholmen AS and Solakrossen 13 AS
- Past experience includes deputy mayor, chair of the planning and building committee, chair of Sola Bredbånd, and board member at Forus Næringspark AS, Polarcus AS and IVAR IKS
- BA in business management from BI Norwegian Business School



### **Eirin Sund**

- Regional director at LO Norway
- Board member at the Rogaland Research Foundation and Maritime Forum Stavanger
- Past experience includes member of the Storting and its Standing Committees on Finance and Economic Affairs, Energy and the Environment, Local Government and Public Administration, and Transport and Communications, secretary of state at the Ministry of Transport and Communications, political adviser at the Ministry of Environmental Protection, deputy mayor, deputy county mayor, vice president of the Norwegian Football Federation and general manager of a volunteer centre
- FHS Armed Forces College management programme



### **Morten Sjøberg**

- Head of public relations at SpareBank 1 Gruppen
- Board member at Oslo Nye Sparebanks Fond
- Past experience includes secretary of state at the Ministry of Finance and researcher in Statistics Norway's research division
- Doctorate in economics from the University of Oslo and BSc in philosophy and economics from the London School of Economics



### Lars Tvete

- Member of Trøndelag county council, board member at Borg Forvaltning AS, supervisory board member at SpareBank 1 SMN, board member at the Nidaros Pilgrim Centre foundation, chair of Oppdal Næringshus AS, board member at the Weisenhuvset foundation and Stykjunker Moe og hustrus legat, board member at Thomas Angells Stiftelser
- Past experience includes deputy member of the Storting, member of Trondheim city council, CEO of Basale Eiendomsforvaltning AS, board member at BN kreditt, chair of Trondheim municipal pension fund
- Attending alternate member of Norges Bank's Supervisory Council 2016-2019
- Economics degree from Trondheim Business College

## OFFICE OF THE SUPERVISORY COUNCIL



### Jan Frode Jakobsen

- Director
- Past experience includes CEO of pension fund Helseforetakenes Pensjonskasse, director of Oslo city council's secretariat, economic adviser, head of secretariat, secretary to the Standing Committee on Finance and Economic Affairs, adviser at the Ministry of Finance and inspector at the Financial Supervisory Authority of Norway
- MBA from the Norwegian School of Economics and MSc from the London School of Economics

Randi Ingun Almås	Deputy director
Siri Ekestad Bauge	Senior adviser
Lene Finkenhavn	Adviser
Peter Hideo Grutle	Senior adviser
Kristian Magnus Langseth	Special adviser
Anne Gullhagen Larsen	Special adviser
Mats Leonhard Pedersen	Special adviser
Lise Taylor	Administrative co-ordinator

## CONTENTS OF THIS REPORT IN RELATION TO THE CENTRAL BANK ACT

### Section 4-1 (4) of the Central Bank Act:

"The Supervisory Council shall at least once a year submit to the Storting its statement on the supervision of Norges Bank. A copy of said statement shall be sent to the Ministry. The statement on the supervision of the Bank shall include, at a minimum, the following:

The topics listed in the act are covered by the following chapters of the report for 2022:

a) an account of how the supervision of the Bank has been organised;	Chapter 1 Supervision of Norges Bank in 2022 – 1.1 Supervisory role, mandate and implementation Chapter 5 Norges Bank's Supervisory Council's organisation of its work
b) an account of completed supervisory activities and the Supervisory Council's priorities for its upcoming supervisory activities;	Chapter 1 Supervision of Norges Bank in 2022 Chapter 4 Priorities for future work
c) an account of the supervision of the Bank's investment management activities;	Chapter 1 Supervision of Norges Bank in 2022 – 1.5 Supervision of the management of the Government Pension Fund Global
d) the Supervisory Council's assessment of the Executive Board's governance and control of the Bank's management and activities;	Summary and main conclusions Chapter 1 Supervision of Norges Bank in 2022
e) an account of the Supervisory Council's efforts in relation to approval of the Bank's budget and adoption of its financial statements;	Chapter 2 Norges Bank's annual financial statements and budget
f) any particular comments merited by its supervision."	Main conclusions

22 Cf Central Bank Act, Section 2-3 (2): "In addition, two board members shall be appointed by and from the employees to participate in the deliberation of administrative matters. The method of appointment of these representatives shall be agreed between the Executive Board and the employees. The Supervisory Council shall determine the method of appointment in the absence of agreement."

23 Central Bank Act, Section 2-16 (5).

24 The guidelines can be found at [www.norges-bank.no/representantskapet](http://www.norges-bank.no/representantskapet).

25 Central Bank Act, Section 2-16 (4).

26 The rates for the Supervisory Council's fees in 2020 and 2021 were laid down by the Storting on 28 November 2019 in line with Recommendation 54 S (2019-2020).

27 "Reimbursement of Supervisory Council members for loss of income", adopted on 12 November 2020.

28 See Norges Bank's Annual Report for 2022, Notes 12 and 15.

29 Recommendation 40 S (2021-2022).

30 Central Bank Act, Section 2-16 (1).

31 Based on the county boundaries as at 31 December 2022.

Document No. 9 (2022–2023) Report to the Storting for 2022

*Issued by:*

Norges Bank's Supervisory Council  
Bankplassen 2  
P.O.Box 1179 Sentrum  
N-0107 Oslo  
Phone: +47 22 31 60 00  
e-mail: [representantskapet@norges-bank.no](mailto:representantskapet@norges-bank.no)

*Published.*

31 March 2023  
<http://www.norges-bank.no/Representantskapet>  
Trykte eksemplarer kan bestilles hos:  
[Tilsynssekretariatet@norges-bank.no](mailto:Tilsynssekretariatet@norges-bank.no)

*Layout*

Aksell.no

*Photos:*

Monika Kvaale (cover, p. 47)  
Espen Schive (cover, p. 43)  
Sturlason (pp. 56–59)



Grønt Punkt Norge

