
NORGES BANK'S SUPERVISORY COUNCIL

Report for 2024

Document No. 9 (2024–2025)



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 2024.

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 Bank is divided into two operational areas, Norges Bank Central Banking Operations (NBCBO) and Norges Bank Investment Management (NBIM), each with its own general manager. The Governor also chairs the Executive Board and the Monetary Policy and Financial Stability Committee. The Council is to ensure that the Executive Board's governance and control of the whole of the Bank are adequate, and that appropriate procedures have been established to ensure that the Bank's activities in all areas are conducted in accordance with statutes, agreements, decisions and other regulatory provisions.

The Council has adopted Norges Bank's annual financial statements for 2024 as prepared by the Executive Board, and approved Norges Bank's budget for 2025 as proposed by the Executive Board.

This Report to the Storting was approved at the meeting of 28 March 2025.

Oslo, 28 March 2025

Julie Brodtkorb
Chair of Norges Bank's Supervisory Council

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Main conclusion

The Executive Board's governance and control of Norges Bank's management and activities in 2024 were good. The Supervisory Council has not uncovered anything meriting particular comments.

The Council has reviewed the minutes of the Executive Board's meetings and finds that they should be more detailed. As things stand, the Council has to raise important matters at meetings to obtain an explanation of the Board's conclusions and discussions. To ensure transparency, the Council believes that arguments and conclusions should be clearly presented in the minutes.

The Executive Board has reported to the Council that risk management and internal control at Norges Bank were carried out in a satisfactory manner.

- Risk exposure at NBIM remained within the Board's risk tolerance limit during the year.
- Risk exposure at NBCBO remained within the Board's risk tolerance limit during the year.
- The Board's composition and expertise adequately fulfil relevant requirements.

The Council attaches considerable importance to the Board's follow-up and assessment of risk management and internal control.

The Supervisory Council took note of the Executive Board's assessment of risk and internal control at Norges Bank for 2024.

The Supervisory Council's key supervisory activities in 2024

- A review was conducted of the Bank's compliance with the [Instructions relating to Risk Management and Internal Control at Norges Bank](#) (Internal Control Instructions) as regards risk control and compliance functions, Internal Audit and the Audit Committee. The provisions concerning the Audit Committee (Section 11) were scrutinised particularly closely. The conclusion was that the framework is sound. The Council recommended a number of changes to give the Audit Committee a better basis for its work. The most important is that the committee should be better informed about the Bank's internal controls.
- In the strategy for NBCBO, the Supervisory Council was particularly interested in the future payment system and the design of the next-generation settlement system. The Executive Board believes that collaboration with Nordic and other European central banks is the best option for secure and stable operation of the settlement system in the long term. The Council believes that work on the future payment system is of particular importance, and that it is essential that the future organisation of the settlement system allows national supervision. This applies not least in times of international turmoil.
- The Supervisory Council was concerned about the possibility of investments in the GPFG being linked to the occupation of the West Bank and breaches of international law. An investigation was undertaken into compliance with the rules on observation and exclusion of companies and approval of markets and countries. The conclusion was that the Executive Board has good control of governance and operations, and that

the division of duties between the Council on Ethics, the Executive Board and NBIM is in line with the guidelines and mandate.

However, the Council believes that the roles and responsibilities are not as clearly understood externally. There may be a need for further clarification and communication of these responsibilities. There is also a delay between the Executive Board receiving a recommendation from the Council on Ethics and the decision being made public. One might wonder whether this process could be shortened or modified. It may seem problematic in itself that the fund adopts a strictly commercial approach by taking a long time, from the Executive Board deciding on exclusion, to sell down its holdings in a company where the risk of violations of norms is considered unacceptable. It is the Storting and the Government that are responsible for the design of these rules. The Council therefore asks the Storting to pay particular attention to this.

- The Supervisory Council reviewed Norges Bank's framework, processes and reporting regarding valuations and performance measurement for unlisted investments. The conclusion was that the framework for investments in unlisted assets is appropriately designed and meets the requirements in the mandate regarding valuations and performance measurement. Both internal and external reporting on performance measurement is extensive and in line with the requirements in the mandate. Internal reporting on performance measurement supports management's oversight of investment management. It was nevertheless recommended that the Executive Board provides more information on performance in the annual report.
- In 2023, the Council looked at Norges Bank's framework, processes and reporting regarding risk management and internal controls when outsourcing. The response from the Executive Board was considered at the Council's meeting in September 2024, and so this year's Report to the Storting presents both the recommendations from the Council and the response from the Board. A number of areas were identified where the Bank could improve the framework for outsourcing, especially the quality and structure of policy documents. The Council finds that the Bank has now made useful changes.

On the basis of this review, the principles for risk management and internal control at Norges Bank were updated. The Council recommended that the requirements for performing risk assessments and monitoring suppliers were made clearer. The Council finds that the Bank has made satisfactory changes.

- At a meeting with the Bank's executive management [the Governor and Deputy Governors], the Council raised the matter of the dialogue between the CEO of NBIM and Elon Musk. The Council was particularly concerned that the Bank should exercise caution given the impression and reputation that such a dialogue could result in. The Council advised the Governor to be very mindful of this.

The Bank provided information on both the Freedom of Information Act and the special rules that apply to Norges Bank, both the extended duty of confidentiality under the Central Bank Act and the regulation under the Freedom of Information Act exempting documents relating to asset management from public access. The Council attached importance to how the Bank works on skills development, the role of the communications department, the difference between company dialogues and owner dialogues, and what the Bank has learnt from these cases. This will be the subject of a supervisory project in 2026.

- The Supervisory Council considers it important for Norges Bank to comply with the Language Act. The Norwegian Language Council inspected Norges Bank in 2023 and concluded that the Bank does not meet the requirement for at least 25% of publicly available documents to be published in the Nynorsk variant of Norwegian. The central bank must comply with all legislation, and Norges Bank needs to organise its activities in accordance with the requirements of the Language Act. The Council is following up the matter and will ensure that the Bank takes action.

Consultation on proposals for changes to the Central Bank Act

The Ministry of Finance has proposed a number of changes to the Central Bank Act. The Supervisory Council is opposed to the proposed changes relevant

to its supervision and believes that the supervision of Norges Bank should continue in the same way as today. The Council will return to the Storting if the Ministry presents proposals for changes in the law that, in the Council's opinion, make it harder to conduct free, independent and transparent supervision.

Priorities for 2025

External assessments of the risk picture and internal strategies and risk assessments form the basis for supervisory priorities in the coming year. The Council will look more closely at three topics in 2025:

- Portfolio management of IT systems and tools
A complete picture of the IT portfolio is important for being able to prioritise and assess the development and maintenance of systems. A review of the degree to which portfolio management of IT systems and tools conforms to best practice will provide information for the Council on transparency in decision-making processes, identify potential vulnerabilities in the portfolio, and assess how effective the process is.

- Artificial intelligence
Artificial intelligence (AI) can improve processes but can also increase the risk of sophisticated cyber attacks. The Council has entered into an agreement with a master's student who will look into the use of generative AI in financial decisions in 2025. The aim of the project is to explore how generative AI can improve the quality of financial decisions and identify risks and psychological aspects in its implementation.
- Climate risk
Climate risk can directly impact operational risk but must also count as part of investment risk via the climate's impact on returns on individual investments. It will be relevant to look at best practice in this area and compare this with how Norges Bank approaches this type of risk.

In addition, there is an ongoing review of how Norges Bank manages its human capital. As part of this, it will be relevant to map the life cycle of a Bank employee, in other words the processes and procedures from recruitment through to the end of employment.



Norges Bank's Supervisory Council 2024. Standing, from left: Gjermund Hagesæter, Mathias Hunsikar Furevik, Tom Henning Slethei, Julie Brodtkorb, Martin Arvid Kolberg, Anne Berit Lein and Terje Barthol森. Seated, from left: Eirin Kristin Sund, Tord Hustveit, Marianne Aasen, Morten S berg, Per Botolf Maurseth and Eli Hovd Presteg rden. Harald Espedal and Terje Rogde were not present.

CHAPTER 1

Supervision of Norges Bank in 2024

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 the Act relating to Norges Bank and the Monetary System etc (Central Bank Act).

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 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 on the Bank's activities being 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. These minutes present the decisions made and contain little information on the Board's assessments and discussions. The Council cannot therefore use these minutes alone as the basis for its supervision. Additional information must be obtained at meetings.

The Council receives the minutes of the meetings of the Monetary Policy and Financial Stability Committee (the Committee) for information but does not comment on the Committee's proceedings and decisions.

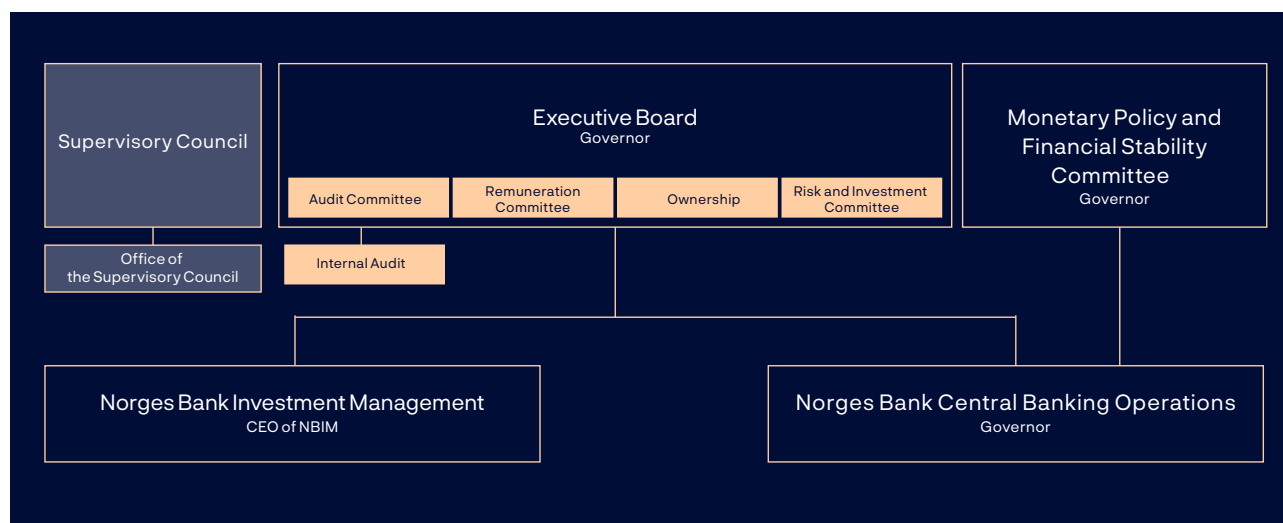
Nor does the Council's supervision extend to the exercise of discretionary powers by the Executive Board or the Committee. The supervision of the operation of the Bank may nevertheless cover processes and documents at the Bank that form the basis for advice and the exercise of discretionary powers.

1.2 Supervision of the Executive Board's governance and control

The Supervisory Council oversees the Executive Board's 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.

Overall organisation of Norges Bank

The Executive Board is responsible for the management and operation of the Bank and must ensure sound, effective and efficient organisation of the

Figure 1 Organisation chart for Norges Bank

Bank. It is also to adopt plans and guidelines for the Bank's activities. In each operational area, the general managers are to establish, operate and monitor adequate risk management and internal control. 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).

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 that are of an unusual nature or major importance, or matters relating to the day-to-day management of the Government Pension Fund Global (GPF).

The Executive Board is responsible for the management of the GPF and appoints a separate general manager (CEO) of NBIM.

The Central Bank Act requires the Executive Board to have an Audit Committee. The committee has three members, all chosen from the external members of the Executive Board. 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. It is also to prepare items concerning Internal Audit's plans and reporting.

The chair of the Audit Committee takes part in a meeting with the Supervisory Council 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. In 2024, the Council was interested in how the Bank has implemented the IIA's new *Global Internal Audit Standards (2024)*.

The Executive Board's overarching governance framework

The Executive Board is responsible for adopting 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 NBCBO, while the CEO of NBIM issues guidelines for NBIM.

The Executive Board made a number of changes to its governance framework during the year, including in the following areas:

- The Executive Board's principles for risk management and internal control at Norges Bank
In 2023–2024, the Supervisory Council looked at the governance and control of outsourcing at Norges Bank, as discussed in [Section 1.5](#) below. In line with the recommendations in the report, the Executive Board updated its principles for risk

management and internal control at Norges Bank. The requirements for carrying out risk assessments and monitoring suppliers were made more specific.

- Investment mandate for the CEO of NBIM
 - › Framework for investing in unlisted renewable energy infrastructure funds

The Executive Board has introduced two additional risk limits for investments in funds: a maximum holding in any one fund of 10% and a maximum holding in any one project of 50%. When co-investing in individual projects as well as investing in a fund, total ownership must not exceed 50%.
 - › Other changes to the investment mandate for the CEO of NBIM

The Supervisory Council is aware that a number of changes to the investment mandate for NBIM's CEO have been proposed, such as requirements relating to the share of renewables in direct investments and the maximum allocation to investments in unlisted renewable energy infrastructure funds.

The Council awaits the agreed overview of changes made to the investment mandate.

- The Executive Board's principles for remuneration

In May and October, the Executive Board approved changes to the rules for the accrual and payment of performance-based pay (bonuses) at NBIM and NBCBO. All performance-based pay accrued must now be paid out if an employee leaves. The Executive Board explains that this is standard market practice.

Now that the requirement of continued employment at the time of payment has been removed, all performance-based pay, including the amount held back, will be expensed in the year it is accrued. This change means an increase in the costs recognised for performance-based pay in the three-year implementation period (2025, 2026 and 2027).

When the matter was considered at the Council's meeting in November 2024, the Council asked about market practice and what impact the change might have on employee retention. The

Council requested a more detailed briefing on remuneration arrangements.

The Supervisory Council took note of the Executive Board's principles for remuneration at NBIM and NBCBO. The Council asked the Office of the Supervisory Council to arrange a more detailed review of remuneration arrangements, including the Executive Board's assessment of the most recently approved changes. Among other things, the Council asked the chair of the Executive Board's Remuneration Committee to be invited.

Further information on remuneration can be found in Section 1.5 "[Supervision of areas common to the operational areas](#)".

- Ethical principles for employees and external members of the Executive Board and the Committee

The Executive Board reviews its ethical principles for employees and ethical principles for external members of the Executive Board and the Monetary Policy and Financial Stability Committee on an annual basis. The ethical principles for employees have been expanded to cover additional topics, for example more complete coverage of financial misconduct, provisions on employees' fundamental freedom of expression, and expectations of employees when it comes to the working environment, diversity and intoxicating substances.

The Supervisory Council was informed of updates to both sets of principles at its meeting in December. Questions were asked about freedom of expression versus the duty of loyalty, and training activities in this area. The Council also asked how reporting of personal trading is functioning, and whether this captures all activity.

Minutes of meetings of the Executive Board and the Committee

All minutes of Executive Board meetings were submitted to the Supervisory Council as required by the Central Bank Act. The Council asked questions about a number of matters to gain greater insights into the Board's priorities when assessing items. This did not lead to any particular remarks from the Council.

The Supervisory Council pointed out that the minutes contain little information. On important matters, it has been necessary for the Council to request further information. In the interests of transparency, the Council believes that arguments and conclusions should be clearly presented in the minutes.

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

Internal control structure

Norges Bank has established an internal control structure based on a model that is recognised practice at financial institutions. The model shows how governance and internal control interact.

Supervisory review: Instructions relating to risk management and internal control at Norges Bank

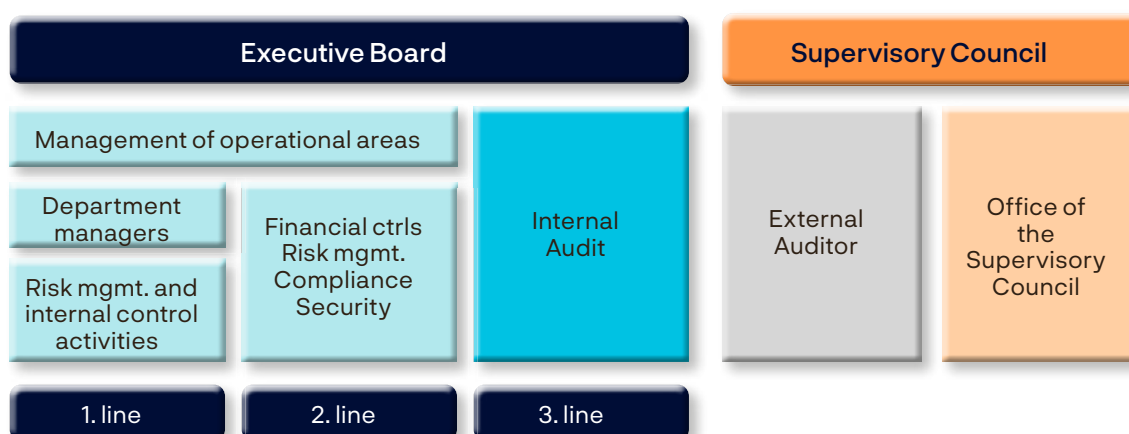
A review was performed of the Bank's compliance with Sections 9 to 11 of the [Instructions relating to risk management and internal control at Norges Bank](#) (Internal Control Instructions), covering risk control and compliance functions, Internal Audit and the Audit Committee.

The Office of the Supervisory Council conducted an assessment of whether the Bank complies with the provisions on risk control and compliance functions in Section 9 and Internal Audit in Section 10. These provisions require the Bank to have a risk control and compliance function for each operational area for the two general managers, and for internal auditing to be organised and implemented in line with recognised standards. The Office concluded that the Bank complies with these provisions.

A more detailed assessment was made of the provisions concerning the Audit Committee (Section 11). Audit firm BDO was engaged to perform an independent evaluation of whether the framework, processes and procedures for the Audit Committee conform to good practice. In addition to Section 11 of the Internal Control Instructions, BDO looked at relevant provisions in the Financial Institutions Act and the Public Limited Companies Act.

BDO concludes that the framework is sound and essentially conforms to requirements and expectations in the area. Processes and procedures are largely considered appropriate for this work to be carried out efficiently and to a high standard. BDO makes a number of comments/suggestions in its report on measures that could improve the work of the Audit Committee.

Figure 2 Norges Bank's control model



The Supervisory Council took note of Norges Bank's compliance with Sections 9 and 10 of the Instructions relating to risk management and internal control at Norges Bank. The Council also took note of BDO's independent evaluation of the framework, processes and procedures for the Audit Committee on the basis of Section 11 of the Internal Control Instructions. The report was sent to the Executive Board, and the Council requested feedback on the comments/suggestions from BDO.

BDO writes in its report that the mandate for the Audit Committee at Norges Bank does not mention the committee's role in sustainability reporting. It recommends that the Executive Board considers giving the Audit Committee a specific responsibility for the initial assessment of sustainability reporting at Norges Bank, as it has for financial reporting. In this case, it should be stated in the mandate for the Audit Committee and be taken into account in the committee's annual and long-term plans. The Executive Board responds that it has followed developments in this area. It agrees that it may be a good idea to look at whether the Audit Committee should have a clearer role in the consideration of sustainability reporting.

BDO notes that both the Public Limited Companies Act and the Financial Institutions Act require the members of the audit committee between them to have the expertise needed to fulfil its duties given the entity's organisation and activities. There is also an explicit requirement that one member should have experience and expertise in accounting or auditing. It is recommended that the Executive Board considers more closely whether it should formulate a requirement for the skills mix on Norges Bank's Audit Committee. BDO notes that this would affect the requirement concerning the appointment of the external members of Norges Bank's Executive Board, and that this is outside the mandate for its evaluation. The Executive Board responds to this by referring to the Central Bank Act stipulating that the members of the Board are to be appointed by the King in Council, which puts limits on the skills that are available when appointing members of the Audit Committee. The committee's members are elected by and from the

external members of the Executive Board. The Board replies that it prioritises the skills and experience of its members when putting together the committee, so that the committee as a whole has the expertise to shoulder its responsibilities and perform its duties. The Audit Committee evaluates its performance annually and submits this self-assessment to the Executive Board. The Board also refers to its latest reporting to the Supervisory Council on an overall assessment of the risk situation and internal control concerning the composition of the Executive Board, and writes that its combined expertise provides a basis for successfully fulfilling the requirements in the Internal Control Instructions.

The Audit Committee receives regular risk and control reports from line management. BDO recommends that management's plans for control and monitoring are also considered by the committee. The Executive Board replies that the Audit Committee will in future be informed of the risk control and compliance functions' control plans.

BDO recommends that Internal Audit, as the secretariat for the Audit Committee, and the Audit Committee itself consider whether some of the key policy documents relating to operational risk should be part of the annual wheel and the committee's long-term plans as items for information or technical deep dives. Here, the Executive Board replies that policy documents are considered regularly at meetings of the Audit Committee and the Executive Board. The members of the Executive Board have access to all policy documents via the board portal. The Board believes that it may nevertheless be appropriate to have regular reviews of the relevant policy documents and will clarify that key policy documents are to be considered regularly for technical deep dives by the committee.

The Audit Committee is to make a written recommendation to the Executive Board on individual items with brief information on what was discussed. There is only a short gap between meetings of the Audit Committee and meetings of the Executive Board. BDO recommends that Internal Audit, as the Audit Committee's secretariat, should itself consider whether it can establish a solution for co-ordination that can make this process more efficient while also meeting the need for security. The Executive Board responds that a board portal is considered the most

secure solution, but not the most efficient, and that management will consider whether there are better and more appropriate solutions.

The Supervisory Board took note of the Executive Board's response to the report on the evaluation of the framework, processes and procedures for the Audit Committee.

Assessment of risk and internal control at Norges Bank

The Executive Board considered eight periodic reports on operational risk management, internal control and compliance from the operational areas for 2024. These reports were sent to the Supervisory Council, which took note of them. This reporting is important for the Council's work on the supervision of the Bank.

The [Internal Control Instructions](#) require annual reporting. The Executive Board is to "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." These assessments are to be submitted to the Supervisory Council.

The Executive Board's assessment of risk and internal control at Norges Bank for 2024 was considered by the Council. The following documents were appended:

- Report on risk management and internal control at NBIM for 2024
- Report on risk management and internal control at NBCBO for 2024
- Internal Audit's annual report to the Executive Board for 2024

The Executive Board reports that it conducted a self-evaluation of its work and expertise in the fourth quarter of 2024. 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 reports to the Council that risk management and internal control at Norges Bank were implemented in a sound manner.

- Estimated operational risk exposure at NBIM remained within the Executive Board's risk tolerance limit during the year.
- Operational risk exposure at NBCBO remained within the Executive Board's risk tolerance limit during the year.
- The Board's composition and expertise enabled it to successfully fulfil the requirements of the Internal Control Instructions.

The Council attaches considerable importance to the Board's follow-up and assessment of risk management and internal control.

The Supervisory Council took note of the Executive Board's assessment of risk and internal control at Norges Bank for 2024.

CEO of NBIM

In February 2025, the Council considered the annual follow-up of the employment contract between the Executive Board and the CEO of NBIM in line with the [comments of the Standing Committee on Finance and Economic Affairs](#).

According to the reporting, Norges Bank followed up the established third-party undertakings, and confirmations of compliance with the contract were obtained. The reporting shows that there were no breaches of the employment contract or control measures in 2024.

Nicolai Tangen has been reappointed for a further five years. One condition is that the relevant undertakings are reviewed and renewed.

1.3 Supervision of Norges Bank Central Banking Operations (NBCBO)

Real-time payments

The Supervisory Council was informed via reporting that Norges Bank signed an agreement in November with the European Central Bank (ECB) on participating in the European solution for real-time payments, TARGET Instant Payment Settlement (TIPS). The settlement service for real-time payments will be taken into use in the first half of 2028. Participation in TIPS means that Norges Bank will settle real-time

payments between banks on the ECB's technical platform. At a meeting with the Council, the Governor responded to questions on data protection and operational issues associated with participation in TIPS.

Future settlement system

In its strategy for the period 2023–2025, Norges Bank attaches particular importance to the development of the future payment system and the design of the next generation of settlement system in Norwegian kroner. The Council was informed about the next-generation settlement system through the [financial infrastructure report for 2024](#), the report on Norges Bank's settlement system for 2024, minutes of meetings and annual reporting.

The Executive Board has decided to hold a formal dialogue with the ECB on participation in the European settlement system T2. The Board believes that collaboration with Nordic and other European central banks is important for secure and stable operation of the settlement system. There is a need for more information on security and contingency arrangements. A final decision will be taken once the necessary clarifications have been obtained. Norges Bank does not expect an agreement on participation in T2 to be ready before the end of 2025.

The Council asked questions about the consequences of the different options, especially for regulatory compliance and for security and contingency arrangements.

Supervision and oversight

The financial infrastructure report describes how Norges Bank works on supervision and oversight. Norges Bank is both the licensing authority and the supervisory authority for the [interbank system](#). The system was assessed on the basis of international principles to ensure a robust infrastructure that fosters financial stability. Supervision and oversight duties are assigned to the department responsible for NBO. This could present challenges in terms of the independence of supervision.

Notes and coins

Norges Bank is responsible for supplying banks with cash and covering society's needs both in normal times and in contingency and crisis situations. According to the financial infrastructure report for 2024, Norges Bank has strengthened contingency arrangements for delivering cash to banks in crisis situations.

The [annual reports on notes and coins](#) for 2023 and 2024 set out the main structure of the system for the supply of cash and information on the volume of notes and coins in circulation, the quality of notes, and the volume of counterfeit notes.

During the consideration of the report for 2024, the head of the cashier's department replied to questions from the Council on the increase in seizures of counterfeit Norwegian banknotes. Questions were also asked about what implications the amendments to the Financial Contracts Act reinforcing the right to make cash payments will have.

The annual report for 2024 shows that the number of counterfeit notes registered by the National Criminal Investigation Service is rising. These figures are the total volume seized, however, and also include notes that have not been in circulation. Specific cases may therefore have a major impact. No increase has been seen in the number of counterfeit notes in circulation. Counterfeits are generally of poor quality and so easy to detect. Norges Bank believes that neither the quantity nor the quality of counterfeits gives cause for concern about an erosion of confidence in banknotes.

Another key issue is the warehousing policy for cash, particularly in a crisis and contingency scenario. The anti-money laundering rules also mean there are challenges when it comes to deposits of Norwegian banknotes from abroad.

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 account management duties in relation to central government payments, cash management and debt. These follow from 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 2024, deposits from the Treasury amounted to NOK 274bn. This makes up the largest liability item in the Bank's balance sheet other than the deposit account for the GPFG. Government deposits will, however, vary considerably during the year due to large payments to and from the government's operating accounts.

Norges Bank is responsible for implementing and following up the stipulations in the agreement. 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 external auditor Ernst & Young AS (EY) provides an independent report to the Supervisory 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*.

The assurance report for 2024 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 assurance report on the government's accounts at Norges Bank and has forwarded the report to the Ministry of Finance.

Management of government debt

The Central Bank Act requires Norges Bank to provide services to the government relating to

central government borrowing and the management of central government debt. The Supervisory Council considered both the annual report for 2023 and the annual report for 2024 during the year.

1. Independent auditor's assurance report on Norges Bank's management of government debt

The Ministry of Finance has issued a [mandate for Norges Bank's management of government debt](#). 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. There needs to be the greatest possible transparency within reasonable limits regarding the performance of this task.

At the request of the Ministry of Finance, Norges Bank's external auditor EY 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 2024 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 the management of government debt for 2024 and has forwarded the report to the Ministry of Finance.

The Office of the Auditor General also received a report from EY on agreed-upon procedures

concerning items in the central government accounts relating to government debt management.

2. Strategy and borrowing programme for 2025

The Bank is to draw up a [borrowing strategy](#) setting out how the Bank intends to achieve the objective of meeting the government's borrowing requirements at the lowest possible cost within the constraints set out in the mandate. 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 issuance.

Annual borrowings are determined on the basis of the borrowing requirement quantified in the central government budget. The central government borrowing requirement will be around NOK 30bn lower in 2025 than in 2024. The main reason is that, until 2024, borrowings were made to balance transfers from Norges Bank to central government. The Ministry of Finance decided in April 2024 that government debt should no longer be used to neutralise the effects of transfers from Norges Bank to the government. To achieve a neutralising effect, Norges Bank has decided that it will sell foreign currency. This will be communicated in advance in the same way as purchases of Norwegian kroner.

In its consideration of this matter, the Supervisory Council asked whether Norges Bank had been affected by Norwegian financial supervisory authority Finanstilsynet's decision to fine Danske Bank for market manipulation in connection with the syndication of government bond loans for Norges Bank. The Bank replied that Danske Bank has been closely monitored since then and that the matter has been managed well.

The Supervisory Council has noted for information the strategy and borrowing programme for government debt management for 2025.

1.4 Supervision of the management of the Government Pension Fund Global (GPFG)

Transparency and freedom of information

Investment conference

Following NBIM's investment conference in April, there was a discussion between business newspaper *Dagens Næringsliv* and NBIM regarding the use of the Chatham House Rule. Ahead of the Supervisory Council's meeting in June, the Permanent Committee requested a briefing on Norges Bank's procedures and guidelines for communication and its handling of this matter.

The Governor provided information on Norges Bank's policy documents and the division of responsibilities between the operational areas around external communication. While the Executive Board is responsible for overarching communication principles, NBCBO and NBIM have their own guidelines, and there is also guidance in the job description for the CEO of NBIM. The CEO of NBIM is responsible for external communication about the GPFG. This is mainly a matter of increasing knowledge about the fund, both nationally and internationally.

The CEO and Deputy CEO of NBIM presented the purpose of the investment conference, the dialogue with *Dagens Næringsliv* and what they had learnt from the matter.

The Council stressed that it is important to have good governance and control in this area, including further down the organisation, while a public body must also meet requirements for transparency and equal treatment of mass media.

Text message dialogue

The dialogue between the CEO of NBIM and Elon Musk was a topic at the Supervisory Council's meeting in November. The Governor stated that the Executive Board considers it important to be transparent, and important that dialogue with companies in which the fund is invested conforms to procedures and guidelines. She referred to her briefing on communication in June. The Council was particularly concerned that the Bank should be cautious about what impression/reputation might be created by such a dialogue. The Council advised the Bank to be very mindful of this.

Application of the Freedom of Information Act

In February, the Council asked the Governor for a briefing on Norges Bank's application of the Freedom of Information Act. The request had its origin in media coverage of a text dialogue between the CEO of NBIM and Elon Musk and severance agreements at Norges Bank. Information was provided on the legal basis for access to information, the duty of confidentiality under the Central Bank Act regarding the "business affairs of the Bank", what may be exempted from public access, and the priorities when considering enhanced access. Information was also provided on the Bank's procedures for requests for access to information, and their application was illustrated with the text dialogue and severance agreement cases. The Bank replied to questions from the Council on how it works on skills development in this area, the role of the communication department, the differences between company dialogues and ownership dialogues, and what the Bank has learnt from these cases.

The Supervisory Council took note of this explanation. The Council asked the Office of the Supervisory Council to carry out a supervision project as part of next year's supervision plan covering Norges Bank's compliance with the Freedom of Information Act, the use of the exemption for business affairs, and best practice for communication and expertise in this area.

Responsible investment

The Supervisory Council considered the annual [report on responsible investment](#) at its meeting in February 2025. The Council was particularly interested in how developments in the US might impact work on responsible investment in future, especially regarding climate and diversity. The Council asked whether work on diversity is under pressure, and the Bank replied that it is seeing some companies withdrawing policies and discontinuing reporting in this area. How new rules and definitions might affect the way in which NBIM can conduct ownership dialogues was another topic.

Israel

The Supervisory Council was interested in the GPF's investments in Israel. At its meeting in June, the

Council asked questions about the criticism of the fund's investments in Israel and whether these investments could be "frozen" as is the case with investments in Russia. Given the latest rulings from the International Court of Justice, the Council asked Norges Bank to reflect on the fund's investments in Israel. The Governor referred to the framework for the fund and the division of responsibilities, which she believes to be appropriate and unambiguous. She noted that there are challenging questions along several dimensions when it comes to the limits for what the fund can invest in.

Russia

Norges Bank sent a letter to the Ministry of Finance during the year regarding investments in Russia. The Council asked about the background to the letter. The Bank's executive management stated that it concerned the possibilities for selling some of the fund's holdings. In the letter, Norges Bank asks for the decision on a general freeze on investments in Russian equities to be lifted, and for the Bank to be permitted to divest from companies where possible.

In its reply, the Ministry of Finance lifted the investment freeze. Norges Bank was given permission to sell Russian investments where possible within applicable sanctions. In addition, the Ministry of Finance amended the mandate for the GPF to reflect the decision taken in 2022 to exclude Russian investments from the fund's investment universe. Investments that were included in the fund's portfolio on 28 February 2022 will remain in the investment universe until they have been sold.

Supervisory review: Compliance with the regulatory frameworks for observation and exclusion and approval of markets and countries

Consulting firm Menon Economics AS (Menon) carried out a [review](#) on behalf of the Supervisory Council looking into compliance with the regulatory frameworks for observation and exclusion of companies, and approval of markets and countries.

The review was based on the provisions in the mandate on the Executive Board's responsibility to consider excluding certain companies and approve markets and issuing countries. The Council on Ethics makes recommendations on exclusion and observa-

tion under the guidelines for observation and exclusion issued by the Ministry of Finance. The Executive Board can either follow this advice or decide to deal with the company in some other way. The Board is also to approve all markets and issuing countries for government bonds in which the GPFG can be invested. The Board's risk assessment is to include political risks. Approved markets and countries are to be reassessed regularly. In practice, this needs to be done once a year.

The mandate from the Supervisory Council included an assessment of whether the Executive Board complies with the applicable rules and frameworks. The Council considered it appropriate for the review to look at collaboration and communication between the Council on Ethics and Norges Bank, including the actual division of work.

Menon's conclusion following its review is that Norges Bank and the Executive Board have good control of governance and operations, and that the division of duties between the Council on Ethics, the Executive Board and NBIM is in keeping with the guidelines and the mandate.

In the light of current trends, the growing size of the fund, tensions between the major powers and technological advances, Menon asks whether there is a need to:

- revisit the framework set out in the guidelines and mandate in the light of changes in the geopolitical situation
- introduce a more rules-based mechanism for observation and exclusion due to geopolitics
- establishing a faster divestment mechanism

Based on recommendations from Menon, the Council asked the Board to:

- consider whether some of the adjustments needed in the light of current trends (as mentioned above) can be made within the current framework and mandate for Norges Bank
- consider whether key trends could present challenges for the central bank's reputation and increase the risk of reputational damage

- consider how any increased reputational risk can be prevented, mitigated and managed

The Supervisory Council considered the Executive Board's response to the recommendations at its meeting in September.

Regarding the recommendation concerning the need to revisit the guidelines and mandate, the Executive Board refers to its consultation response to the Mestad report, NOU 2020: 7 *Values and Responsibility – The Ethical Framework for the Norwegian Government Pension Fund Global*: "The report contains a thorough discussion of the need for changes to the criteria for observation and exclusion. In Norges Bank's opinion, the fact that the criteria are now being assessed as a whole against the evolution of norms and new issues, is a strength in this work. This contributes to consistency across criteria." The Executive Board responds further that it assumes that the Ministry of Finance regularly assesses the need to review the guidelines.

Regarding the recommendation to consider the need for a rules-based exclusion mechanism, the Executive Board refers to the Sverdrup report, NOU 2022: 12 *The fund in a changing world*, which discusses the decision to remove Russia from the fund's investment universe. The Sverdrup Commission recommended including rules on divestment and exclusion due to geopolitics in the fund's mandate. The Executive Board also refers to Report to the Storting No. 17 (2022–2023) *The Government Pension Fund 2023* and the following comment from the Ministry of Finance: "The Ministry will consider what is an appropriate framework. It follows from the division of responsibilities that such decisions would be taken by the Ministry and not by the Bank. They should also be limited to very special situations."

Regarding the recommendation for faster divestment, the Executive Board refers to data for the period from 2015 to the second quarter of 2024. In cases without a need for further clarification of the application of the criteria, an average of 164 days elapsed between the Council on Ethics making its recommendation and the Executive Board publishing its decision. This broke down into 80 days from the Council on Ethics making its recommendation to the Executive Board reaching a decision, and 84 days from reaching that decision to publishing it. In the

light of the letter from Norges Bank to the Ministry of Finance in January 2021 on the time taken to consider observation and exclusion cases, the Ministry commented in Report to the Storting No. 24 (2020–2021) *The Government Pension Fund 2021*: “The Ministry believes that Norges Bank’s clarification helps to explain the time taken to process individual cases thoroughly and effectively. It is important that cases of observation and exclusion are handled responsibly. Norges Bank must continue to have thorough and effective case processing in such cases.”

Regarding the evaluation of reputational risks, the Executive Board replies: “Norges Bank’s reputational risk is associated mainly with the quality of investment management within the constraints of the mandate that is in force. We believe that good and consistent fulfilment of this role in line with the mandate is most important for protecting Norges Bank’s reputation. Reputational risk is prevented, mitigated and managed as part of the Bank’s overall risk framework, which addresses changes and complexity in the risk picture. The risk framework has proved robust and well suited in the governance of the fund.”

The Supervisory Council took note of this response and resolved to obtain further information from the Council on Ethics at the following meeting of the Permanent Committee to gain a broader insight into the instruments in the framework for the fund that relate to ethically responsible investment management.

In November, the Permanent Committee held a meeting with Cecilie Hellestveit, a member of the Council on Ethics, and Eli Ane Lund, head of the Council on Ethics’ secretariat. They explained the framework and elaborated on parts of the content of the letter they sent to the Ministry of Finance in August 2024 concerning the Council on Ethics’ work on companies that have links to the West Bank/Gaza.

On the basis of the investigations undertaken in the supervisory review, the Supervisory Council believes that adequate assurance has been provided that Norges Bank complies with the applicable rules in the mandate and guidelines. The Council also has a clear impression that the parties have understood the

division of roles and responsibilities between the Ministry of Finance, the Council on Ethics and Norges Bank.

Whether others understand the division of roles and responsibilities is more uncertain. A lack of understanding can in itself present a reputational risk.

In line with the observations from the review, the Supervisory Council was particularly interested in the following:

- Debate in the media and demonstrations by protest groups
It appears that understanding of roles and responsibilities is not necessarily as clear externally, and so there may be a need for further clarification and communication thereof.
- Processing time of 164 days
One might wonder whether the process could be shortened or modified. It may seem problematic in itself that the fund adopts a strictly commercial approach by taking a long time, from the Executive Board deciding on exclusion, to sell down its holdings in a company where the risk of violations of norms is considered unacceptable.

Unlisted real estate and unlisted renewable energy infrastructure

A number of investments were made in both unlisted real estate and unlisted renewable energy infrastructure in 2024. On several occasions, the Council asked questions about rising vacancy rates in real estate, especially in the US. A vacancy rate of 10% for the unlisted real estate portfolio as a whole was reported for the first half of 2024. Vacancy rates are highest in the US, which accounts for 50% of the unlisted real estate portfolio. Responding to questions from the Council, NBIM replied that the main reason for the high vacancy rate is a reduced need for office space following the Covid pandemic. Many companies have adjusted to hybrid working. The Executive Board informed the Council that it is working on the strategy for investments in unlisted real estate.

A first investment in a fund structure was made in August 2024. The investment was made in a fund managed by Copenhagen Infrastructure Partners

(CIP). The mandate permits both direct and indirect investments in renewable energy infrastructure. NBIM stated in its press release that the agreement will enable the fund to invest in renewable energy projects in the development stage, making the investment a valuable addition to the portfolio being built up.

Supervisory review: Framework and processes for, and reporting on, valuations and performance measurement for unlisted investments

The Ministry of Finance provided input for the Supervisory Council on its supervision plan for the management of the GPFG. The Ministry asked the Council to consider a review of Norges Bank's framework, processes and reporting relating to valuations and performance measurement for unlisted investments. The Council decided at its meeting in June to carry out this project. Following a competitive process, BDO AS was engaged as external consultant.

The Council considered the [report from BDO](#) at its meeting in February 2025.

To describe and assess the framework for investments in unlisted assets, BDO obtained information from policy documents and meetings with all relevant departments at NBIM, and from Internal Audit and the external auditor.

BDO selected measurement criteria to assess whether the framework and processes at Norges Bank are in line with best practice. These criteria formed the basis for a review of Norges Bank's and NBIM's framework and processes for valuations, performance measurement and reporting on the GPFG's unlisted investments. BDO's report also contains a description and assessment of control activities relating to unlisted investments, based on these measurement criteria.

BDO concludes that the framework for investments in unlisted assets is appropriately designed and complies with the requirements in the mandate regarding valuations and performance measurement. BDO believes that Norges Bank and NBIM have established clear guidance on executing processes for valuations and performance measurement for unlisted real estate and renewable energy infra-

structure. BDO finds that both internal and external reporting on performance seem to be comprehensive and in line with the requirements in the relevant mandates. Internal reporting on performance is considered suitable for management's oversight of investment management.

BDO has one recommendation regarding external reporting:

"We recommend that the Supervisory Council asks the Executive Board to consider whether the information in the annual report should be expanded, either by including information on returns relative to the performance benchmark, or by providing additional information on how this is used in internal follow-up of risk and return in the portfolio."

In its consideration of the report, the Council was particularly interested that the yield used in valuations follows interest rate movements, but there may be a delay before the effect of changes in interest rates is incorporated. The Council also asked questions about whether valuations are affected when the external provider of valuations changes.

The Supervisory Council took note of the supervisory review from BDO AS *Review of valuations and performance measurement for unlisted investments*. The recommendation from the report and some of the Supervisory Council's reflections were sent to the Executive Board for its consideration. Following the Council's consideration and resolution, the report was sent to the Ministry of Finance and made public.

Use of external managers

More external management

According to the reporting on the first half of the year, the share of the GPFG managed externally had risen from 4.7% to 5%, while the value of the fund had also grown by NOK 1,980bn. The Supervisory Council asked whether this share would remain around 5% regardless of the size of the GPFG, and whether NBIM has the internal capacity to monitor the growth in investments in many countries. NBIM's Deputy CEO responded that the Executive Board's strategy is for external management to account for 5% of equity

management. This means that if the fund grows in value, the absolute amount invested in emerging markets will increase. The Council asked further whether NBIM has good control over external managers' supply chain, and this was confirmed. In addition to there being an experienced team, external managers trade in a separate account within NBIM's deposit account, which means that NBIM has control over all trades made by external managers on NBIM's behalf.

Supervision of oversight of external managers in Turkey

NBIM awards external mandates to equity managers with specialist expertise in defined investment areas. These mandates typically cover emerging markets or small and medium-sized companies in developed markets.

The Office of the Supervisory Council visits two or three external managers in a selected country each year. The main aim is to perform an independent overall examination of how NBIM oversees external managers. Key topics reviewed are operational matters, internal controls and responsible investment (ESG).

The choice of country is based mainly on an assessment of risks relating to corruption, environment, democracy and freedom of the press. The total amount of capital allocated by NBIM and the length of time since a country/market was last visited also play a role. For the 2024 supervisory year, two external managers in Turkey were selected.

Ahead of the visit, the Office received information/documentation from NBIM on the oversight of these managers in Turkey, including policy documents on external management, documentation on initial due diligence on these managers, and the annual questionnaires on compliance and operational risk completed by the managers. To gain greater insights into the challenges that Turkey faces, the Office had a meeting with the Norwegian Ministry of Foreign Affairs ahead of the visit.

The Office believes that NBIM has close oversight of these two external managers in Turkey. No material issues were identified. In its consideration of the matter, the Council questioned the practice of NBIM attending the secretariats meetings with external

managers, and that this should be considered in connection with the next review.

The Supervisory Council took note of the report on the supervisory visit to the external managers in Turkey and asked the Office to address the Council's input in its future work.

1.5 Supervision of areas common to the operational areas

Supervisory review: Independent review of governance and control of outsourcing at Norges Bank

As mentioned in last year's Report to the Storting, the Supervisory Council engaged BDO in 2023 to perform a review of Norges Bank's processes and framework for, and reporting on, risk management and internal control of the outsourcing of operations. This review was commissioned in response to input from the Ministry of Finance. [BDO's report](#) was considered at the Supervisory Council's meeting in March 2024. The [response from the Executive Board](#) was considered at the Council's meeting in September, meaning that this year's report discusses both the Council's recommendations and the Board's response.

The Supervisory Council took note of the report from BDO. It was sent to the Executive Board, and the Council asked for a response to the recommendations.

The conclusion from BDO is that governance, control and follow-up of outsourcing at Norges Bank essentially comply with the measurement criteria for the review. BDO found that the Bank has established an appropriate framework for outsourcing covering both operational areas. Testing of the Bank's compliance with its own framework for selected outsourced services revealed appropriate practices with a significant focus on monitoring suppliers during the term of the contract at both NBCBO and NBIM. BDO identified a number of areas where the Bank could improve the framework for outsourcing, especially regarding the quality and structure of policy documents.

Regarding the recommendation to further develop the role of process owner for purchases and

strengthen Bank-wide policy documents on outsourcing, the Executive Board responds that the Bank will review Bank-wide policy documents that contain requirements regarding outsourcing. It will assess these documents as a whole to ensure a clear structure and a consistent approach. The requirements in the Executive Board's principles document and the joint guidelines are general in nature. There is considerable variation in the criticality and complexity of the services that the Bank purchases, and requirements for purchases and follow-up of suppliers need to be risk-based. The two operational areas have different roles in society and different processes. The Executive Board believes that it is best to set detailed and specific requirements for outsourcing separately in the two operational areas rather than having a single set of rules.

BDO recommends that NBCBO ensures that it has a clear definition of the role of contract owner and other roles involved in outsourcing. To improve the governance and control of outsourcing, it is also recommended that the Bank develops a document to guide the whole of the outsourcing process in order to clarify the different phases.

The Executive Board responds that it considers it important for supplier and supply chain risk to be properly managed, especially for critical suppliers. NBCBO will look more closely at how purchasing and supplier follow-up are addressed throughout the life of a contract. This review will also cover the report's recommendation of closer regulation of situations where services are terminated. The Bank will look particularly at the requirements for considering data protection, disqualification and conflicts of interest when purchasing services. It will also review the policy documents to set out more clearly the roles of specific resources. Requirements for how important considerations and decisions should be documented will be part of the review.

It is recommended that NBIM strengthens its policy documents and the operationalisation of the outsourcing process. This includes the responsibilities of central/support functions, guidelines for terminating contracts, principles for analysing operational incidents in regular scenario analyses, and provisions on risk assessments of suppliers' subcontractors.

The Executive Board responds that NBIM will review the policy documents to set out more clearly the roles of specific resources. This will cover the recommendation to regulate the termination of services. The recommendation to introduce regular scenario analyses is covered largely by existing practice for risk assessment and internal control. NBIM will consider increasing the use of scenario analyses where this is an appropriate supplement to current practice. The Executive Board also says that NBIM will assess whether supply chain risk is adequately covered in its risk management, especially for critical suppliers.

When it comes to custody services for NBIM, the recommendation is that NBIM's framework for outsourcing sets out rules and guidelines for risk assessment of suppliers' subcontractors beyond local custodian banks.

The Executive Board replies that only a few players are able to supply global custody services on the scale required by the fund. Relevant candidates are large international banks/organisations with complex infrastructure and numerous subcontractors. NBIM's purchases of custody services follow thorough evaluation of the supplier's expertise, resources and environment for risk management and internal control. NBIM's contract with the global custodian bank is designed in such a way that the custodian, as the contractor, is responsible for all parts of the service, including subcontractors. The custodian is fully financially liable for any shortcomings in services supplied to NBIM. The Executive Board considers this to be an appropriate contractual set-up.

The Executive Board says that NBIM's daily monitoring of custodian services gives it detailed and continuous insight into the quality of services, including any instability in those services. Combined with a long history, NBIM receives good, timely and accurate information on the risks associated with custody services. The custodian must give advance notice and provide information on any changes that affect the services supplied. The overall process risk at the custodian is also covered by periodic reporting from the custodian's auditor. The Executive Board believes that a periodic evaluation of the custodian's subcontractors would be inappropriate.

The Supervisory Council took note of the Executive Board's response.

Working environment and gender balance

The Governor briefed the Supervisory Council during the year on Norges Bank's people survey for 2024. The response rate was high, and the Governor said that the results were good relative to the benchmark. On the basis of this briefing, the Council commented that the Bank appears to be a good place to work. Questions were asked about developments in sickness absence. The employee representatives on the Executive Board also commented briefly on the survey from their perspective.

The Executive Board reports on the working environment in its annual report for 2024. Norges Bank is working systematically to achieve gender balance, and the share of women has increased from 35% to 38% over the past three years. At NBIM, the share of women has risen from 29% to 35%, whereas the share of women at NBCBO has fallen from 43% to 42%. The Bank is now close to its target of an overall gender balance of at least 40% of each gender, but some professions and levels have some way to go.

The annual report also provides information on the remuneration system and salary gaps. The Executive Board sets ceilings for remuneration and follows up their implementation. Salary mapping shows that women's fixed salary averaged 78% of men's fixed salary at the end of 2024. The Bank writes that work to improve the gender balance among executives and specialists will contribute to smaller salary differences.

The Bank works systematically on recruitment and diversity, and the number of applications has increased in recent years. Various steps have been taken in the recruitment process to increase diversity and prevent discrimination. The Bank also reports that it has worked on training for both managers and other employees. In 2024, the Bank worked particularly on succession planning and internal mobility.

The Council attaches importance to diversity and gender balance and is following the Executive Board's work on achieving its targets.

Using both variants of the Norwegian language

The Supervisory Council considers it important for Norges Bank to comply with the Language Act. Questions were asked about equal representation of the two variants of Norwegian in Norges Bank's research. The Governor replied that research is also produced in Nynorsk, but that this is not part of a strategy.

At its request, the Council received a briefing on a supervisory report from 2023 from the Norwegian Language Council which found that the Bank (and other government bodies) are not in compliance with the requirement for at least 25% of publicly available documents to be in Nynorsk. The Governor stated that steps have been taken, but that it will be challenging to bring about a significant improvement in the short term. The Council wishes to have a further explanation of this work at a separate meeting.

Norges Bank must comply with all legislation, and organising its activities in accordance with the requirements of the Language Act should not be problematic. The Council will be following up this matter and ensuring that the Bank takes action to address the shortcomings identified by the Language Council.

IT systems and security

The Supervisory Council is informed about Norges Bank's work to address cyber threats and further develop and rationalise its systems through ordinary reporting. NBIM has carried out disaster recovery exercises for its IT systems. The investment platform used by NBIM has been expanded with a number of applications which help increase efficiency for developers. In addition, the platform contributes to better workflows for end-users.

NBCBO has carried out a number of projects to test security and further develop rules on information security. Exercises have been conducted, and the suppliers of the various IT platforms have been followed up.

The Council asked questions about the risk assessments undertaken when moving parts of NBCBO's systems and processes to public cloud services, and

the rights other countries have to demand access to data stored in such systems. The Bank provided an explanation of the separation of information into the most critical and less critical. It is information considered less critical that has been transferred. The Council also asked about the risk associated with NBIM's use of public cloud services. NBIM stated that it considers this risk to be small, as the information stored in the cloud is not very sensitive.

Money laundering

Norges Bank states that it generally considers the risk of breaches of anti-money laundering rules to be small. The risk is considered to be slightly higher when it comes to the exchange of banknotes. Norges Bank carries out detailed risk assessments and investigations where banknotes are exchanged, and reports some cases to the National Authority for Investigation and Prosecution of Economic and Environmental Crime. The number of cases in 2024 was at the same level as in 2023, when there was a decrease from 2022. The number of cases reported to the National Authority for Investigation and Prosecution of Economic and Environmental Crime is stable.

In 2023, it was reported that those with a disclosure duty under the anti-money laundering rules (banks etc) are increasingly depositing funds at Norges Bank. Over time, this has led to numerous customers contacting the Bank to request payouts of deposits, and there is some risk of backlogs. Case processing was made more efficient in 2024.

Employee remuneration schemes

In June, the Council considered the annual reports on the remuneration schemes in the operational areas and the confirmation from Internal Audit. The mandate for the GPFG requires NBIM to comply with the regulations issued under the Securities Funds Act, subject to necessary modifications. The Executive Board has decided also to apply the regulations to the remuneration scheme at NBCBO. In accordance with these regulations, the implementation and effects of these remuneration schemes are

presented in the Bank's reports, and Internal Audit has performed an independent verification of compliance with the rules.

Internal Audit found that the remuneration schemes are implemented in accordance with the provisions and guidelines for both operational areas. The fund has simplified and automated its scheme in accordance with Internal Audit's recommendation for a simpler and more consistent methodology for calculating performance-based pay.

At the Supervisory Council's meeting in March 2025, the remuneration schemes in both operational areas were presented by Hans Aasnæs, chair of the Executive Board's Remuneration Committee. The Executive Board has amended its guidelines, and so the Council asked for a run-through. Aasnæs ran through the framework that the Executive Board must comply with, including the mandate for the GPFG and the regulations under the Securities Funds Act. Remuneration at Norges Bank consists of ordinary fixed salary, performance-based pay, overtime payments and general benefits. For employees at NBIM's offices outside Norway, health insurance is an important benefit. At the end of 2024, 240 employees at NBIM and 12 employees at NBCBO were entitled to performance-based pay. The main rule is that the limit for performance-based pay is to be a maximum of 100% of fixed salary. For some employees at the offices outside Norway, the limit is 200%. The Executive Board says that the most important reasons for having performance-based pay are that it is standard market practice in the financial sector, and that it is needed to attract and retain talented employees. The changes to the schemes in the past year relate to payment of accrued performance-based pay when an employee leaves, and full payment in the year after accrual for employees at levels 1 and 2 (analyst, associate trader and associate portfolio manager). The Executive Board refers to market practice for both these changes. The chair of the Remuneration Committee discussed research into performance-based pay and there being mixed findings as to whether it leads to better returns. Performance-based pay may nevertheless impact positively on investment behaviour if the measurement parameters are correctly designed.

CHAPTER 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 Council is given the role of approving the budget by the Central Bank Act. 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 annual financial statements is another of the Council's duties. The Council's resolution on the allocation of the profit/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

The Central Bank Act requires the Executive Board to "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."

The Act also states that "Norges Bank shall prepare annual financial statements and the annual report of the Executive Board in accordance with the provi-

sions 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 its [Regulation on the Financial Reporting of Norges Bank](#), the Ministry of Finance lays down detailed rules and requires Norges Bank's financial statements to comply with international accounting standards, subject to the exemptions and additions specified in the regulation. In practice, this means that the Bank applies International Financial Reporting Standards (IFRS).

Approved financial statements for 2024

The Executive Board's [annual report and annual financial statements for 2024](#), including a proposal for the allocation of the profit for the year, were submitted to the Supervisory Council.

The Council's resolution on the Bank's annual financial statements at its meeting on 20 February 2025 was incorporated into the Bank's annual report as follows:

The Supervisory Council takes note of the Annual Report of the Executive Board for 2024.

The Supervisory Council takes note of the auditor's report for Norges Bank and independent accountant's assurance report.

The Supervisory Council approves Norges Bank's financial statements for 2024.

In accordance with the guidelines, the net profit of NOK 95.1 billion is to be transferred as follows: NOK 40.0 billion to the Adjustment Fund and NOK 55.1 billion to the Transfer Fund. From the Transfer Fund, one-third, or NOK 30.1 billion, will be transferred to the Treasury.

The Central Bank Act requires Norges Bank to have sufficient equity to fulfil the Bank's purpose. The Executive Board confirms that this is the case in its annual report for 2024. At the end of the year, the Bank had equity of NOK 387bn, up from NOK 322bn a year earlier. This equity consists of an Adjustment Fund and a Transfer Fund. The Adjustment Fund constitutes the Bank's restricted equity, and the Transfer Fund constitutes the basis for transfers to the Treasury. At year-end 2024, the Adjustment Fund stood at NOK 327bn and the Transfer Fund at NOK 60bn, compared with NOK 287bn and NOK 35bn respectively at year-end 2023. Norges Bank's equity, excluding the GPFG krone account, was 39.5% of the balance sheet total at the end of 2024, compared with 36.9% at the end of 2023.

Results of the management of the Government Pension Fund Global (GPFG)

The Ministry of Finance deposits the GPFG in a designated account at Norges Bank known as the krone account. The Bank is then to invest this krone deposit in a portfolio of equities, bonds, real estate, renewable energy infrastructure, cash deposits and other assets and financial liabilities. The value of the krone account is the net book value of the investment portfolio.

The krone account had a value of NOK 19,742bn on 31 December 2024, up NOK 3,985bn on a year earlier. Besides the return on the fund, inflows from the government contributed NOK 409bn, and movements in the krone exchange rate contributed NOK 1,072bn. The relative return against the Ministry of Finance's benchmark index was negative at -0.45 percentage point. The total return on the GPFG in 2024 was NOK 2,511bn, or 13.1% before management costs of NOK 7.4bn. The return broke down as follows:

- Equities 18.2%
- Fixed income 1.3%
- Unlisted real estate -0.6%
- Unlisted renewable energy infrastructure -9.8%

At year-end, the fund's investments broke down into 71.4% equities, 26.6% fixed income, 1.8% unlisted real estate and 0.1% unlisted renewable energy infrastructure.

The negative return on unlisted real estate was due primarily to a continued poor performance by office properties in the US. The negative return on unlisted renewable energy infrastructure was driven particularly by a higher cost of capital.

The Ministry of Finance sets a limit for the management fee. The management fee in 2024 was NOK 7,390m, compared with NOK 6,632m in 2023.

The financial reporting on the management of the GPFG forms part of Norges Bank's annual financial statements and is presented in Note 20 to the financial statements. A separate [annual report on the management of the fund](#) is also published and is considered by the Supervisory Council.

External auditor's reports on Norges Bank's financial reporting

The work of the external auditor is important for the Supervisory Council's adoption of the annual financial statements. The auditor performs a variety of tasks throughout the financial year. An overview of these tasks is presented in Table 1.

The external auditor reports to the Supervisory Council on its audit as part of the Council's consideration of the annual report. The report presents the procedures performed in order to be able to give an opinion on the annual financial statements for 2024.

The external auditor's opinion is reproduced in Norges Bank's annual report:

"In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Norges Bank as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with the Regulation

Table 1 Auditor's tasks in 2024

AUDITOR'S TASKS IN 2024
1. Audit of Norges Bank's annual financial statements
Report on the financial reporting for the Government Pension Fund Global, including interim reporting
2. Assurance engagements
1. Treasury single account
2. Government debt management
3. Disclosures in the Executive Board's annual report on climate risk in the Government Pension Fund Global, climate and environmental impact of Norges Bank's operations, and responsible investment
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. Two meetings a year: one start-up and status meeting and one sum-up meeting
2. Audit documentation

concerning annual financial reporting for Norges Bank. The Regulation requires the financial statements for Norges Bank to be prepared in accordance with IFRS Accounting Standards as adopted by the EU, with certain specific presentation requirements for the investment portfolio for the Government Pension Fund Global and subsidiaries that exclusively constitute investments as part of the management of the investment portfolio.”

The auditor also submitted a report on the annual report on the management of the GPFG:

“In our opinion, the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the investment portfolio of the Government Pension Fund Global as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.”

Sustainability reporting and assurance report from EY

The external auditor has been engaged by the Supervisory Council to review parts of Norges Bank's annual reporting on social responsibility and sustainability. The auditor reviewed disclosures in the following areas:

- Responsible investment in the GPFG
- Emissions intensity of the equity portfolio
- Emissions intensity of the bond portfolio
- Emissions intensity of the foreign exchange reserves
- Financed emissions – equities and bonds
- Own emissions
- Equality, diversity and inclusion

The review, which was conducted in accordance with the standard ISAE 3000, covered selected indicators in these areas. These indicators are based on the GRI (Global Reporting Initiative) and IFRS S2 framework, adapted to Norges Bank.

The external auditor submits an assurance report on this work which is included in Norges Bank's annual report.

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. 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 GPF's real estate management and management of unlisted renewable energy infrastructure.

The Council has issued [budget rules for Norges Bank](#). These rules include provisions on the basis for budget proposals, budget decisions, budget deployment and reporting. Long-term forecasts for operating expenses and capital expenditure for two years beyond the budget year must also be submitted as part of the budget documentation. The Executive Board has issued general principles for financial management. 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 Council's budget resolution approves Norges Bank's total expected expenditure in the coming year.

Norges Bank's expenditure and follow-up of the budget for 2024

The Executive Board reports total operating expenses of NOK 8,732m for 2024, which is NOK 332m less than the approved budget. The decrease was due mainly to lower performance-related costs for external managers and a reduction in other operating expenses, such as custody, IT and analysis/consulting costs. The lower performance-related

costs for external managers were the result of a weaker return than budgeted, offset in part by foreign exchange effects. Salary and personnel expenses increased, due mainly to foreign exchange effects, as a substantial share of these payments are in a currency other than Norwegian kroner. Capital expenditure was within the approved budget.

Around 80% of costs at NBIM are in foreign currency. Costs at NBIM make up around 85% of Norges Bank's total operating expenses. This means that costs at the Bank as a whole are exposed to fluctuations in exchange rates, especially for the US dollar and pound sterling. When the Norwegian krone weakens against key currencies, this pushes up Norges Bank's costs. Foreign exchange effects increased costs by NOK 344m in 2024 relative to the exchange rates used in the budget.

Norges Bank had 1,110 employees at year-end, two fewer than assumed in the budget for 2024.

Consideration and approval of Norges Bank's budget for 2025

The Supervisory Council approved the Executive Board's proposed budget for Norges Bank for 2025 at its meeting in December 2024.

The Executive Board's proposed budget for 2025 shows a substantial increase in operating expenses from NOK 9,054m in 2024 to NOK 10,215m in 2025. The increase of NOK 1,161m is mainly the result of higher costs at NBIM. The increase at NBIM of NOK 1,159m is mainly a result of higher salary and personnel expenses and higher fees to external managers.

Salary and personnel expenses at NBIM will rise for two reasons. One is a higher number of employees (up from 680 to 700) and a higher number of employees with performance-based pay (up from 231 to 245). However, the greatest increase comes from a change in the policy for holding back performance-based pay. The Executive Board has decided on two changes here: accrued performance-based pay which was previously lost or held back will now, as a rule, be paid out when an employee leaves the Bank, and employees at levels 1 and 2 will receive 100% of the amount accrued the year after accrual, rather

than over a period of four years. The combined accounting impact of these changes is expected to be an increase in costs for performance-based pay of NOK 244m in 2025. The total budget for performance-based pay in 2025 is NOK 692m.

Fees to external managers are budgeted at NOK 3,995m, breaking down into fixed fees of NOK 1,844m and performance-based fees of NOK 2,151m. Fees to external managers are budgeted to be NOK 743m higher than in the budget for 2024. This includes an increase in performance-based fees of NOK 400m. It is a strategic target for around 5% of the GPFG to be managed by external managers. The share of the fund managed externally in 2025 is expected to be 5.4%. The average value of the GPFG in 2025 is assumed to be NOK 19,100bn.

Altogether, Norges Bank is budgeting 1,119 employees in 2025, an increase of 37 on the budget for 2024, breaking down into 17 more at NBCBO and 20 more at NBIM.

Capital expenditure of NOK 408m is budgeted for 2025, of which NOK 35m was approved previously and NOK 373m relates to proposed new investments. The proposed new investments are a continuation of planned workplace upgrades at the Bank's headquarters at NOK 161m, a continuation of the project for a new data and analysis platform for NBCBO at NOK 108m, and expansion of office capacity at the London office at NOK 10m.

The Supervisory Council also approved a budget for operating expenses at operating companies in the GPFG's real estate management of NOK 220m for 2025.

Each year, Norges Bank requests a limit for the reimbursement of management costs from the Ministry of Finance. The Council received a copy of the letter from the Ministry on the reimbursement of management costs for 2025 on 18 November 2024.

The Ministry has set an upper limit for management costs in 2025 of NOK 8,100m. Performance-based fees budgeted at NOK 2,151m will be covered on top of this limit. Only actual costs are reimbursed.

In its consideration of the budget, the Supervisory Council was interested in how developments in costs over time reflect the Bank's strategy. The Council also asked questions about the size of fees to external managers, measures to improve efficiency, and custody costs.

The Council considers cost efficiency and economies of scale to be important. The Council will follow this up when Norges Bank reports on its status against the budget.

Operating budget for wholly-owned operating subsidiaries in the management of the GPFG

The Supervisory Council is to approve a limit for management costs at wholly-owned operating subsidiaries that are part of the Bank's management of investments in unlisted real estate and unlisted renewable energy infrastructure in the GPFG. Plans and budgets are approved by the boards of the individual companies.

Total operating expenses at wholly-owned operating subsidiaries are budgeted at NOK 183m for 2025. To allow for uncertainty about exchange rates and give the boards of the subsidiaries the necessary room to manoeuvre, the Supervisory Council approved the requested limit of NOK 220m for 2025.

The cost limit from the Ministry of Finance includes management costs at wholly-owned operating subsidiaries. Other operating expenses relating to the ordinary operation, maintenance and development of assets are not covered. Budgets for the Bank's wholly-owned subsidiaries are approved by the boards of the individual companies.

The Council passed the following resolution on the budget for 2025:

RESOLUTION ON NORGES BANK'S BUDGET FOR 2025

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 2025. Key figures from the budget are shown in the table below.

(FIGURES IN MILLIONS OF NOK)	BUDGET FOR 2025
Management fee, GPFG	8 838
Other operating revenue	202
Total operating revenue, Norges Bank	9 040
Personnel expenses, NBCBO	-783
Other operating expenses, NBCBO	-728
Depreciation, amortisation and impairment losses, NBCBO	-116
Personnel expenses, NBIM	-2 617
Other operating expenses, NBIM	-2 284
Depreciation, amortisation and impairment losses, NBIM	-17
Fees to external managers, NBIM	-3,995
Elimination of shared costs ¹	317
Elimination of shared costs passed on from NBA and NBCBO to SC/OSC	8
Total operating expenses, Norges Bank	-10 215
Operating profit/loss, Norges Bank	-1175

¹ Elimination of costs allocated to NBIM, including NOK 277m from the Governor's area of responsibility and NOK 37m from the Supervisory Council (SC) and the Office of the Supervisory Council (OSC).

Proposed new investments amount to a total of NOK 373m, breaking down into NOK 363m at NBCBO and NOK 10m at NBIM. The estimate of previously approved and ongoing investments carried forward is NOK 35m.

The Supervisory Council also approved a budget for operating expenses at operating companies in the GPFG's real estate management of NOK 220m for 2025.

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

The approved budget for Norges Bank will be submitted to the Ministry of Finance in accordance with Section 4-2 of the Central Bank Act.

Other tasks under the Supervisory Council's mandate

3.1 New Auditor General Act

In its Report to the Storting for 2023, the Supervisory Council discussed its response to the proposed new Act relating to the Office of the Auditor General. The Council notes that the new act has been passed, and that it does not entail any changes to the Council's activities.

3.2 Consultation on proposals for changes to the Central Bank Act

In November, the Ministry of Finance sent a letter presenting proposals for changes to the Central Bank Act. The Council submitted its response to the consultation paper at the end of January 2025. The full text of this response is appended to this report.

The Ministry of Finance writes that a number of the proposals have their origin in the case of the appointment of the CEO of the GPFG and his contract of employment. The Council does not agree that some of the issues that arose in the case in question in 2020 need to be regulated by requirements in the legislation or mandate.

The Ministry compares the Supervisory Council with the Office of the Auditor General in a number of respects. The Council does not believe that it is comparable with the Office of the Auditor General in this context.

The Supervisory Council has mainly given feedback to the Ministry of Finance on the item "Strengthening the rules for the supervision of Norges Bank", where

the Ministry looks at the application of the Freedom of Information Act, the Executive Board's attendance of the Supervisory Council's consideration of internal matters, and the presentation of supervisory reports.

The Council responds clearly that it does not see a need for changes in these areas, and that it is not familiar with the background to the proposal from the Ministry. The Council is therefore opposed to the proposed changes.

Some further information on the comments from the Supervisory Council:

1. Exemption of documents in supervisory cases from public access

The Ministry of Finance proposes introducing a provision on the exemption of the Supervisory Council's documents from public access. The Ministry proposes that the Council's practice should be made more like that of the Office of the Auditor General when it comes to publishing the results of administrative audits. The Council responds that it cannot be compared with the Office of the Auditor General in this context, and that its established and well-functioning practice should not therefore be changed. The Council notes that the Ministry of Finance's proposal would result in decreased freedom of information. The proposed change in the law would mean that more work at and for Norges Bank is being conducted away from public scrutiny. This could create an information vacuum in important processes, which could, in turn lead to, unnecessary speculation in the media.

The Supervisory Council believes that the proposal from the Ministry of Finance would weaken the Council's independent assessment of the need for enhanced access and hence the Council's independent supervisory role.

It must be up to Norges Bank/the Supervisory Council to assess whether there is a need to exempt documents from public access or not on a case-by-case basis. It must also be up to the Supervisory Council to assess when its handling of a case is complete.

The Council does not agree with the Ministry's proposal for a new third paragraph in Section 2-18 "The Supervisory Council's proceedings".

2. The Executive Board's right to attend meetings of the Supervisory Council

The Ministry of Finance proposes that the minutes of Supervisory Council meetings should be required to state the justification when the Bank's executive management and other members of the Executive Board are not to be present.

The Council responds that this is unproblematic in principle. However, it is important to be aware that this requirement may lead to a lack of clarity. For example, there could be questions about what constitutes a justification under this requirement, and how detailed this justification should be.

It is important for the Supervisory Council's supervisory role that the Council itself decides who may attend its meetings, so that the Council is able to discuss internal matters freely.

The Council is opposed to a requirement for justification, but in favour of the minutes recording absence. Recording absence is in line with the practice under previous versions of the Central Bank Act, and this is unproblematic for the Council. The Council believes that it is unnecessary to record, or justify, the absence of the non-executive members of the Executive Board.

3. Presentation of supervisory reports

The Ministry of Finance proposes introducing a legal requirement for disagreements between the Executive Board and the Supervisory Council to be presented in the Council's annual report. The Council points out that disagreements will first and foremost be recorded in the minutes of the Council's meetings, and then in the Report to the Storting.

The Council believes that the established practice gives the Storting a complete and nuanced basis for its decisions. The Council nevertheless has no objections to the proposed amendment, although it needs to be clear what is intended with the change. It must not lead to questions over interpretation that cause unnecessary friction between the Executive Board and the Supervisory Council and uncertainty about responsibilities.

CHAPTER 4

Priorities for future work

The priorities for the Council's supervisory activities in the coming year are set partly based on a risk assessment and partly based on the objective that all parts of Norges Bank's operations should be subject to supervision with a degree of regularity. The Council's supervision must also cover areas where there have been changes to the rules, changes to the organisation or major changes to systems. The planned activities must not be performed at the cost of other statutory and established duties.

External descriptions of the risk picture and internal strategies and risk assessments form the basis for evaluating what should be prioritised for supervision in the coming year. The Council will look more closely at three topics in 2025:

- **Portfolio management of IT systems and tools**

A complete picture of the IT portfolio is important for being able to prioritise and assess the development and maintenance of systems. Identifying vulnerabilities and allocating resources where these are most critical can reduce the risk of cyber attacks. A review looking at the degree to which portfolio management of IT systems and tools conforms to best practice will provide information for the Council on transparency in decision-making processes, identify potential vulnerabilities in the portfolio, and assess how effective the process is.

- **Artificial intelligence**

Artificial intelligence (AI) can improve processes but can also increase the risk of sophisticated cyber attacks. In 2025, the Council has engaged a master's student to look at the use of generative AI in financial decisions, including decision theory,

risk and psychological implications. The aim is to explore how generative AI can improve the quality of financial decisions and identify risks and psychological aspects in its implementation. The student is an additional resource who will work together with the Office of the Supervisory Council. The student will therefore have access to the information needed to carry out the assignment.

- **Climate risk management**

Climate risk can directly impact operational risk but must also count as part of investment risk via the climate's impact on returns on individual investments. It will be relevant to look at best practice in this area and compare this with how Norges Bank approaches this type of risk. Such a review will provide information on the level of Norges Bank's climate risk management and the Bank's contribution to the objective of a zero-emission economy.

A review of how Norges Bank manages its human capital is under way. As part of this, the life-cycle of a "typical" Bank employee will be mapped, in other words the processes and procedures from recruitment through to the end of employment.

As part of the Supervisory Council's consideration of relevant matters, there may be a need to describe in further detail the activities at Norges Bank that form the basis for reports and decisions. Where such a need arises, there will be an assessment of whether it would be a good idea to perform a more detailed review. Such a procedure contributes to more active supervision than would be possible through ordinary quarterly and annual reporting.

Organisation of the Supervisory Council's work

In this chapter, the Supervisory Council reports on the organisation of its supervision. It also presents the Council's activities and expenditure in the past year. The appointment and composition of the Council are regulated by the Central Bank Act, which also requires the Council to have a secretariat.

5.1 Organisation of supervision

Supervisory Council

The Supervisory Council's role under the Central Bank Act is to supervise, approve budgets, adopt financial statements, appoint the auditor and determine the method of appointment of employee representatives on the Executive Board.

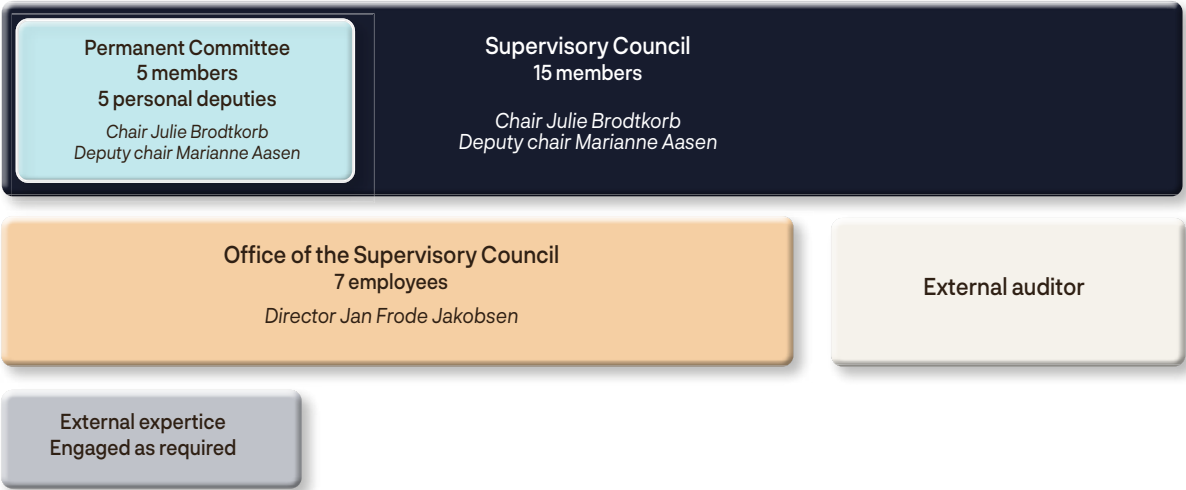
When it comes to Norges Bank's activities, the Council has issued [budget rules for Norges Bank](#), rules on loans to employees of Norges Bank, and

[guidelines for the Council's supervision of companies owned by Norges Bank in connection with investments in the GPFG](#). These relate directly to the Council's duties under the Central Bank Act, and the Council supervises compliance with them.

When it comes to the organisation of its own area of work, the Council has issued [rules of procedure for the Supervisory Council](#), a mandate for the Permanent Committee and instructions for the Office of the Supervisory Council.

A minor amendment to the rules of procedure was made in 2024. The provision on employee representatives and participation in meetings now reflects the corresponding provision in the Central Bank Act on employee representatives and participation in meetings of the Executive Board. Since the Supervisory Council itself decides who may attend its meetings, its practice is unchanged, meaning that employee

Figure 3 The Supervisory Council's organisation and resources



representatives on the Executive Board are present for most matters where the Bank's executive management are present.

The members of the Supervisory Council are subject to the Central Bank Act's provisions on confidentiality. 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.

The Supervisory Council's 15 members are elected by the Storting for a four-year term. The chair and deputy chair appointed by the Stortinget for the period 2024–2025 are Julie Brodtkorb and Marianne Aasen.

As of 1 January 2025, the Council's members are resident in eight of Norway's 15 counties. A third of them are women. Table 2 shows members, when they were first elected and their current term. Members may be re-elected and serve a total of eight years.

Permanent Committee

The Central Bank Act requires the Supervisory Council to appoint a committee from among its members to prepare matters for consideration by the Council. The Permanent Committee is an established working committee provided for in the Council's rules of procedure. The committee has no decision-making power on behalf of the Council but does, as a committee of the Council, have a right of access to all matters relating to Norges Bank.

The purpose of its meetings is to set the agenda, review the case documents submitted, request introductions to items from Norges Bank, and propose resolutions for consideration by the Council. The minutes of its meetings accompany the case documents and summarise its discussions and investigations.

The chair and deputy chair of the Supervisory Council also lead the Permanent Committee, while three other members and five personal alternates are elected for a term of two years.

Table 2 Members of the Supervisory Council for 2024

MEMBER	FIRST APPOINTED	CURRENT TERM
Julie Brodtkorb, chair 2024–2025	2018	2022–2025
Marianne Aasen, deputy chair 2024–2025	2020	2024–2027
Gjermund Hagesæter	2018	2022–2025
Morten Søberg	2018	2022–2025
Harald Espedal	2020	2024–2027
Eirin Kristin Sund	2020	2024–2027
Per Botolf Maurseth	2021	2024–2027
Eli Hovd Prestegården	2021	2024–2027
Mathias Hunskår Furevik	2022	2022–2025
Tord Hustveit	2022	2022–2025
Martin Kolberg	2022	2022–2025
Tom Henning Slethei	2022	2022–2025
Terje Bartholsen	2024	2024–2027
Terje Rogde	2024	2024–2027
Anne Berit Lein	2024	2024–2027

The chair calls meetings as often as is required, or when at least two members so request.

Table 3 Members of the Permanent Committee

FULL MEMBERS	PERSONAL ALTERNATES
Julie Brodtkorb, chair	Harald Espedal
Marianne Aasen, deputy chair	Eirin Kristin Sund
Gjermund Hagesæter	Tord Hustveit
Martin Kolberg	Mathias Hunskår Furevik
Morten Søberg	Per Botolf Maurseth

Office of the Supervisory Community

The Supervisory Council has its own secretariat as required by the Central Bank Act. In matters pertaining to the employees of the secretariat, the Supervisory Council represents Norges Bank as employer.

The Office had eight employees at the beginning of 2025 and is led by Jan Frode Jakobsen.

Supervisory Council as employer

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 2024, the Office had seven full-time employees besides the director. The Office reports directly to the Council.

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.

Relationship between the Council and the Office

The Office is to keep the Council informed of work on significant supervisory and control activities. Other key tasks are advising the Council and preparing matters for the Permanent Committee, such as the Council's consideration of Norges Bank's budget and annual financial statements. The Office assists with entering into and managing the engagement agreement with the external auditor, facilitates the Council's professional development, and drafts the annual Report to the Storting. The Office manages and organises meetings of the Permanent Committee

and the Council, and seminars and professional development activities.

The Office attends the meetings of the Council and the Permanent Committee.

The Office ensures that both the Ministry of Finance and the Office of the Auditor General receive information relevant to the supervision of the management of the GPFG.

The framework for supervision work follows from the plans and budgets approved by the Supervisory Council.

The Office's expertise

For the Council to fulfil its role satisfactorily, the Office must have the expertise and resources for its duties. Important foundations for the staff of the Office are an understanding of their role, integrity, objectivity and due care in the conduct of their duties. The staff of the Office have expertise in areas such as economics, investment management, accountancy, law, finance, corporate governance, risk management and internal control. Two of its employees are certified internal auditors. Good professional networks and access to specialist resources provide opportunities for development.

Norges Bank's external auditor

Ernst & Young AS (EY) is the external auditor for the period 2022–2027.

Contact with the Office of the Auditor General

[Guidelines for the exchange of information and co-ordination of auditing and supervision of the GPFG](#) were signed by the then Auditor General and chair of the Supervisory Council in 2010. 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.

A review of these guidelines was postponed in anticipation of a new Auditor General Act. The new act has now been passed, and the Office of the Supervisory Council is in talks with the Office of the Auditor General on updating the guidelines.

5.2 The Supervisory Council's activities

Meetings and items considered

A meeting schedule is decided in advance of each calendar year.

The Council held seven meetings in 2024. The Permanent Committee had six preparatory meetings.

At least eight members must attend a meeting of the Supervisory Council for it to be quorate. The Council was quorate at all meetings in 2024.

Table 4 Attendance of meetings

Meeting	Members present	
	2023	2024
January – inaugural meeting (every second year)		14
February – ordinary meeting	15	13
March – ordinary meeting	12	13
June – ordinary meeting and seminar	12	12
September – ordinary meeting	12	12
November – ordinary meeting and seminar	13	11
December – ordinary meeting	14	13

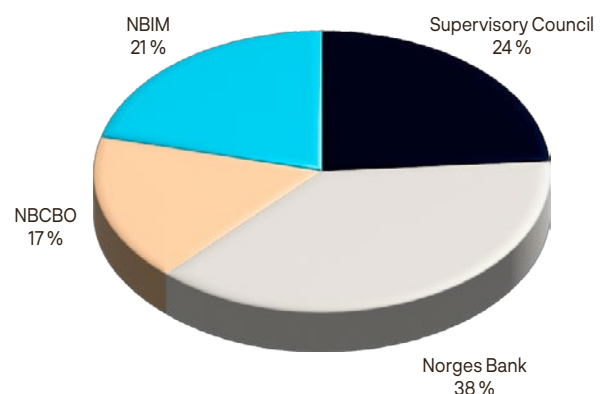
The system of having two permanent alternates on the Council was discontinued on the introduction of the new Central Bank Act in 2019. This made it even more important for members to be able to attend scheduled meetings. In 2024, seven members attended all meetings, and four missed only one. Two members missed four meetings, and two missed five.

Breakdown of items considered by the Council

The Supervisory Council considered 113 items in 2024, compared with 126 in 2023 and 122 in 2022. Items divide into documents received from the Executive Board for consideration and matters 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 important for its supervision. This means that the Council has taken a position on the matter. An item "noted for information" provides useful background, but the Council does not take a position on the matter.

As can be seen from Figure 4, 76% of items in 2024 concerned NBCBO, NBIM or matters of a general nature concerning the whole of Norges Bank. Matters of a general nature might include updated principles from the Executive Board or supervisory reviews that cover both operational areas. Other items are the Council's internal matters, such as its own minutes and status reports. The breakdown is largely unchanged from 2023.

Figure 4 Items considered by the Council in 2024

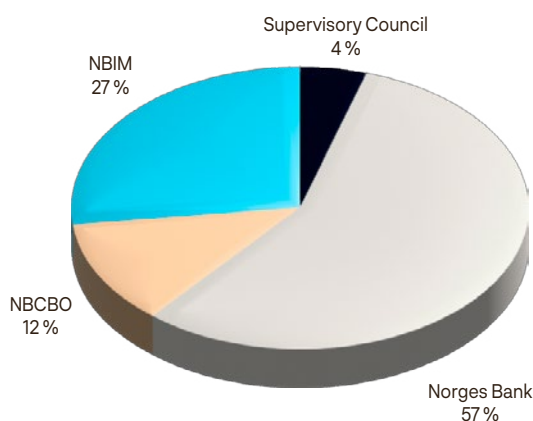


Time consumption at meetings depends largely on whether items are accompanied by a presentation and whether the Council has follow-up questions. An item to be "taken note of" normally requires more time than other items. Figure 5 presents a rough breakdown of the Council's time consumption based on the minutes of meetings.

It shows that the Council spent almost 60% of its time at meetings on items relating to Norges Bank as a

whole in 2024, which is more than in 2023. In both 2023 and 2024, the increase was chiefly because the supervisory activities conducted did not focus specifically on either NBCBO or NBIM but covered the Bank as a whole. The Council was also particularly interested in the Executive Board's governance and control and spent more time considering minutes and briefings from the Board on relevant matters from the Bank's executive management.

Figure 5 Time consumption at meetings

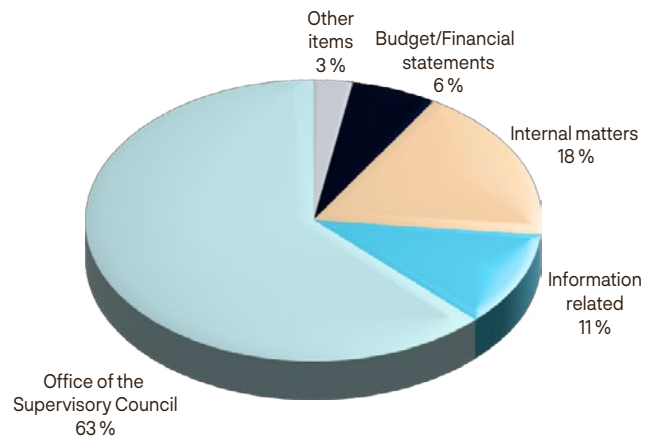


The Council spent slightly less time on internal matters. The number of internal matters has not fallen, but it was largely a stable year with little discussion around the Council's internal reporting.

The share of supervision-related items was largely unchanged at 63%. These consisted of supervision projects and reviews of the minutes of Executive Board meetings and ordinary reporting from Norges Bank. Information-related items include areas that are not directly relevant to supervision but are still important for the Council's understanding of Norges Bank's activities. Examples are the presentation of monetary policy reports and briefings from the Bank's executive management on topical issues.

The Bank's budget and annual financial statements are important items on which the Council spends considerable time at the meetings where they are considered. The Council may also choose to give feedback on matters relating to legislative and mandate amendments.

Figure 6 Items considered by type



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 current risks.

Communication on the Supervisory Council's work

The approved minutes of the Council's meetings are published on [Norges Bank's website](#). The Council publishes the minutes once they have been approved at the following meeting. The minutes generally present the key elements of the Council's discussions and contribute to transparency around its supervisory work.

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 frequency of meetings and professional development for the Council's members were key issues in 2024. The Council's work largely functioned well in 2024.

The Supervisory Council noted the results of the self-evaluation for 2024 for information and asked the Office of the Supervisory Council to take account of its feedback in future work.

5.3 The Supervisory Council's expenditure

Remuneration of members

The Storting sets the Supervisory Council's remuneration as an annual fee for the role. This fee is adjusted every two years. The Storting [approved the rates](#) for 2024 and 2025 as shown in Table 5. Fixed fees totalling NOK 1,056,400 were paid in 2024, an increase of 9.9% on the previous two-year period. Alternate members of the Permanent Committee received NOK 4,400 for each meeting they attended.

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. The Council has issued criteria for this. These reimbursements totalled NOK 65,371 in 2024, compared with NOK 246,862 in 2023. Total fees for the Council therefore came to NOK 1,134,574 in 2024, compared with NOK 1,211,462 in 2023.

Other costs

Annual expenditure is reconciled against the budget adopted by the Supervisory Council. The Council's total expenditure in 2024 was NOK 44.7m.

Total running costs for the Council's organisation came in NOK 3m below budget in 2024. This was a result of much lower travel expenses for meetings and study trips, and reduced use of external consulting services.

The Council and the Office receive administrative services as required from Norges Bank. These are regulated by a service agreement. 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 2,354,104 in 2024, compared with NOK 2,280,920 in 2023. Pension contributions for the Director amounted to NOK 375,496, and other benefits (electronic communication, insurance and other payments in kind) came to NOK 9,168.

The cost of financial auditing by EY in 2024 was recognised at NOK 13.7m. This is in line with the contract entered into. EY also received fees of NOK 927,494 for ordinary assurance statements relating to the Bank's annual reporting for 2024.

A separate overview of costs for external consulting services is included in the budget and reporting. The historical figures in Table 6 have been restated to aid comparison.

Table 5 Fixed fees for the Supervisory Council for 2024–2025

Fixed annual fees	Supervisory Council	Permanent Committee	Total per member	Total fixed fees
Chair	77 200	115 800	193 000	193 000
Deputy chair	51 500	77 200	128 700	128 700
Three other members of the Permanent Committee	38 700	77 200	115 900	347 700
Ten other members of the Supervisory Council	38 700		38 700	387 000
Total fixed fees 2024				1 056 400

Table 6 The Supervisory Council's total expenditure in 2024

Overall expenditure	Budget	Actual	Budget	Actual	Actual
	2025	2024	2024	2023	2022
Supervisory Council	3 913 000	2 416 312	3 761 300	3 159 039	2 469 000
Office of the Supervisory Council	25 371 000	24 763 222	25 706 000	24 550 182	22 238 000
Statutory audit and regular assurance reports from external auditor	15 022 000	14 635 450	13 317 000	13 310 313	13 111 000
External consulting services, including assurance engagements	5 000 000	2 923 634	5 000 000	2 293 961	1 581 000
TOTAL	49 306 000	44 738 618	47 784 300	43 313 495	39 399 000

The Supervisory Council's budget for 2025

The Council considered its own budget for 2025 at its meeting in December. The total budget approved for the Council, the Office and the external auditor is NOK 49.3m. The budget for the Council's own activities is NOK 3.9m. This budget covers all fees, meeting costs, seminars and study trips with travel expenditure, based on the meeting schedule set for 2025.

[Annual fees for the Council's members](#) are budgeted at NOK 1,111,000. The budgeted amount includes fees for meetings attended by alternates and supplements for foreign travel.

The Office of the Supervisory Council's budget of NOK 25.4m is based on it having eight FTEs. Rent and shared costs under the service agreement with Norges Bank are unchanged at NOK 7.9m. NOK 5.0m has been budgeted for purchases of services from various external experts.

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 this report:
a) an account of how the supervision of the Bank has been organised;		Chapter 1 Supervision of Norges Bank Chapter 5 Organisation of the Supervisory Council's 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 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
d) the Supervisory Council's assessment of the Executive Board's governance and control of the Bank's management and activities;		Main conclusion Chapter 1 Supervision of Norges Bank
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 conclusion

Response to consultation paper on proposals for changes to the Central Bank Act

Norges Bank's Supervisory Council (the Council) refers to the Ministry of Finance's letter of 5 November 2024 requesting comments on the Ministry's proposals for changes to the Central Bank Act.

The Council has considered the consultation paper in the light of its own activities, its duties under applicable rules, and practice at Norges Bank, and presents here its views on items 1 to 4.

1. Chapter 1 of the Central Bank Act and Norges Bank's role as manager of the GPFG
2. Section 2-13 (1) of the Central Bank Act
3. Strengthening the rules on the supervision of Norges Bank
 - a) Deferred access to documents in supervisory cases
 - b) The Executive Board's right to attend meetings of the Supervisory Council
 - c) Presentation of supervisory reports
4. Restrictions on candidates for Norges Bank's governing bodies

The Ministry of Finance writes that a number of the proposals have their origin in the case of the appointment of the CEO of the GPFG and his contract of employment. The Council does not agree that some of the issues that arose in the case in question in 2020 need to be regulated by requirements in the legislation or mandate.

The Council does not believe that it is comparable with the Office of the Auditor General in this context. While the Office of the Auditor General is one of the Storting's control bodies,^{1,2} the Supervisory Council is a body of Norges Bank, appointed by the Storting and independent of Norges Bank. Article 75 (c) of the Constitution requires the Storting to "supervise the monetary affairs of the Realm". The Storting itself decides how this is to happen.³ The Storting has determined that there is to be a supervisory body at Norges Bank: Norges Bank's Supervisory Council. Its members are appointed by the Storting and reflect the composition of the Storting.

The Council's comments on proposals 1 to 4 are presented below.

- 1 The Office of the Auditor General is the Storting's auditing and control body, and is to contribute to democratic oversight to ensure that the state's resources are managed responsibly and efficiently and in keeping with the decisions and intentions of the Storting, cf. [Section 1-1 of the Act relating to the Office of the Auditor General](#).
- 2 The Storting has five external bodies: the Office of the Auditor General, the Parliamentary Ombud for Scrutiny of the Public Administration, the Parliamentary Oversight Committee on Intelligence and Security Services, the Norwegian Human Rights Institution and the Parliamentary Ombud's Committee for the Norwegian Armed Forces. These are autonomous public bodies set up directly under the Storting. The activities of these external bodies are independent from the Storting and parliamentary proceedings, and they set their own priorities within their mandates, cf. the [Report from the Commission on the Review of the Storting's Control Function](#).
- 3 "The key requirement under Article 75 (c) of the Constitution, as we see it, is that the Storting as a whole has a sufficient basis to conduct acceptable supervision of activities that fall under "the monetary affairs of the Realm" as referred to in Article 75 (c). Given this point of departure, it must be up to the Storting itself to assess how its supervisory activities are to be organised" – [Interpretation statement from the Ministry of Justice and Public Security's Legislation Department for the Ministry of Finance](#).

1. Chapter 1 of the Central Bank Act and Norges Bank's role as manager of the GPFG

The Supervisory Council believes that the proposed change to Section 1-11 could help clarify the scope of Chapter 1 of the Central Bank Act. It is uncertain whether all grey areas can be fully eliminated, as Norges Bank is a single legal entity. For example, subsidiaries in the management of unlisted real estate and renewable energy infrastructure are formed and owned by Norges Bank. The Council would also point out that Norges Bank already has a duty under the mandate for the GPFG, regardless of any change to the Central Bank Act, to inform the Ministry of Finance of any material investment management developments.⁴

2. Section 2-13 (1) of the Central Bank Act

The Ministry proposes introducing requirements for the recruitment process for the general manager of investment management in the mandate for the GPFG.

While there is a place for governance on the part of the Ministry, for example through the mandate for the GPFG, the Supervisory Council is uncertain whether there is a need to include detailed requirements in the mandate for the GPFG based on one specific case in the past. In the consultation process following the report NOU 2022: 12 "The Fund in a changing world", the Council wrote that changes to the mandate should be based on specific assessments and needs, and that detailed rules present a reduced risk of differing interpretations. However, it is unclear to the Council what this change to the mandate for the GPFG would look like. In line with established practice, therefore, the Council will return to this once the Ministry of Finance's proposals for specific amendments are available.⁵

3. Strengthening the rules on the supervision of Norges Bank

The Ministry of Finance proposes changes in three areas:

- a) Deferred access to documents in supervisory cases
- b) The Executive Board's right to attend meetings of the Supervisory Council
- c) Presentation of supervisory reports

The Supervisory Council does not see a need for changes in these areas, nor is it familiar with the background to the Ministry's proposals. The Council therefore questions the changes.

- a) Deferred access to documents in supervision cases

Current practice

The Supervisory Council publishes the minutes of its meetings, supervisory reviews following input from the Ministry of Finance (unless information is exempted from access under the Freedom of Information Act) and its annual Report to the Storting. These documents are normally published on Norges Bank's website.

Since the Council is a body of Norges Bank, and Norges Bank is a single legal entity, the Supervisory Council and the Executive Board apply the rules in the Freedom of Information Act on exempting internal documents from access.⁶ In some cases, enhanced access may nevertheless be provided in the public interest or for other reasons.

The results of the Council's supervision are not generally made public before the Report to the Storting is published, but the Council's priorities will be evident from the minutes of its meetings, which are published during the course of the year on Norges Bank's website.

⁴ Mandate for the Management of the Government Pension Fund Global, Section 7-1 "Duty to inform, etc", second paragraph.

⁵ "As part of the Ministry's work on assessing changes to the mandate for the GPFG, for example to the investment strategy, it may be appropriate to engage in dialogue with the Supervisory Council on the technical supervisory implications of this work. Such a dialogue could also cover matters of risk management, suitable control and audit criteria, or issues picked up in the Supervisory Council's supervisory work." – [Bill 97 L \(2018–2019\)](#).

⁶ "An administrative agency may exempt from access any document which it has drawn up for its internal preparation of a case." – [Freedom of Information Act, Section 14](#).

While the usual practice is to exempt case documents as being internal documents, a case's topicality and the requirement for timely reporting may warrant making them public. In some cases, the Council may publish all or parts of a supervisory review before the Executive Board's response to the review is available. This may happen in individual cases, but also in connection with the Council's Report to the Storting. As the Council reports annually, the Council may include excerpts from a supervisory report in the Report to the Storting. This will generally apply to matters that the Supervisory Council considers immediately before the publication of the report.

The Supervisory Council would also point out that, when the general manager of the GPFG was appointed, both the Council and the Executive Board considered there to be grounds for enhanced access to the correspondence between the Council and the Board. This reflected the public interest in the case. It was believed that not publishing this correspondence might have undermined confidence in Norges Bank.

The Council's assessment

The Supervisory Council notes that the Ministry of Finance's proposal would result in decreased freedom of information. The proposed change in the law would mean that more work at and for Norges Bank is being conducted away from public scrutiny. This could create an information vacuum in important processes, which could lead in turn lead to unnecessary speculation in the media.

The Ministry proposes that the practice here should be made more like the Office of the Auditor General's publication of the results of its administrative audits. The Supervisory Council is not comparable with the Office of the Auditor General in this context, and so the Council believes that its established and well-functioning practice should not be changed.

The Supervisory Council is a body of Norges Bank, and correspondence and dialogue between the Council and the Executive Board can be exempted from access under existing legislation. The Council believes that it is appropriate to consider transparency on a case-by-case basis, and to apply enhanced access in line with the Freedom of

Information Act. The GPFG has a value of around NOK 20,000bn, and the fund is in itself of great public interest. This underlines the importance of being able to publish information that the Supervisory Council, given its composition and reflection of the Storting, considers to be in the public interest.

The Council believes that the current practice and the Council's independent assessment of the need for public access contribute to:

- Awareness of how Norges Bank's activities are governed and controlled
- Professional quality assurance as a result of external experts considering matters of importance for the Bank
- Confidence in the Bank's bodies operating in a productive and reassuring manner
- A reduced risk of falsehoods not being detected until it is too late to correct or mitigate the impression given
- Productive and orderly exchange of opinions internally as a result of the Bank's bodies being prepared for external exposure
- Topicality and timely reporting

The Supervisory Council agrees with the Ministry that it must be possible to exempt internal correspondence from access. As shown above, however, there are good reasons to be transparent within the bounds of applicable rules, including those on enhanced access. One consequence of tightening the rules might be more frequent reporting from the Supervisory Council to the Storting. Another is that, to continue the current practice of annual reporting and meet the need for timeliness and topicality, tightening the rules would put undue pressure on the Executive Board, including by requiring extraordinary board meetings.

It is important for the Supervisory Council as a body appointed by the Storting to have a sense of the public's impression of governance and control at Norges Bank. The Council considers it a strength that cases and their preparation are presented in publicly available documentation. In the Council's opinion,

Norges Bank is well-equipped to manage public access in both ongoing and closed cases. Establishing a “protection” from public access would be harmful. The absence of transparency could lead to misunderstandings and speculation that can be avoided by having the Supervisory Council consider enhanced access on a case-by-case basis.

Summary

The Supervisory Council believes that the Ministry of Finance’s proposed change regarding deferred access would undermine the Council’s independent assessment of the need for enhanced access and hence also the Council’s independent supervisory role.

It must be up to Norges Bank/the Supervisory Council to consider whether there is a need for deferred access or whether to opt for publication in specific cases. It must also be up to the Supervisory Council to determine when the handling of a case is complete. This would be in line with current practice. If the Supervisory Council sees a need for it, and understands Section 5 of the Freedom of Information Act on deferred access correctly, there is already a legal basis for this practice.⁷

The Supervisory Council is opposed to the Ministry’s proposal for a new third paragraph in Section 2-18 “Proceedings of the Supervisory Council”.

- d) The Executive Board’s right to attend meetings of the Supervisory Council

Current practice

The Bank’s executive management [the Governor and Deputy Governors] is not present when the Supervisory Council considers internal matters (such as its own budget, supervision plans, employment matters, supplier selection, drafting of questions for Norges Bank, and review of draft supervisory reports). The background to this is that the Supervisory Council considers it inappropriate for the Bank’s executive management to participate in the consideration of the Council’s internal affairs, and that the supervisee (Norges Bank/the Executive Board) should not be

able to influence the Council’s assessments and basis for supervision before a matter is forwarded to the Board.

The Bank’s executive management attends the consideration of items forwarded from the Executive Board, including when the Board’s response to supervisory reports is presented (opportunity to contradict). This means that the Bank’s executive management is present for ordinary supervisory matters. The Supervisory Council regularly asks the chairs of the Executive Board’s committees to attend meetings to present their work (especially the chairs of the Audit Committee and the Remuneration Committee).

There are cases where the Bank’s executive management may be prevented from attending meetings, even though the meeting schedule is drawn up jointly by the Office of the Supervisory Council and the Executive Board’s Secretariat.

The Supervisory Council currently records in its minutes all those present for each item, including the Bank’s executive management, members of the Executive Board and other experts.

The Council’s assessment

The Supervisory Council believes that the current practice functions well and reflects the Council’s independent supervisory role.

Historically, under Section 26 of the Norges Bank Act of 1892, the Council could require the Executive Board to attend meetings, and the Board had a right to attend meetings unless the Council decided otherwise. Under that act, the Council recorded the Executive Board’s absence, but not the reason.

In the Norges Bank Act of 1985, this provision was amended to give the Bank’s executive management an obligation to attend unless the Council decided otherwise or there were valid reasons for being absent. This provision has been retained, with the same wording included in the Central Bank Act of 2019. Over the years, the Supervisory Council has both recorded and not recorded absence on the part

⁷ “An administrative agency may determine in a particular case that access to documents shall not be given until a later stage in the preparation of the case than that stipulated in Sections 3 and 4, provided there is reason to believe that the documents available give a directly misleading impression of the case and that access to them could therefore be detrimental to obvious public or private interests.” – [Freedom of Information Act, Section 5 “Deferred access”](#).

of the Bank's executive management. While there is a requirement for "valid reasons", these have not been minuted.

In principle, the Ministry of Finance's proposal that the minutes should state the justification when the Bank's executive management and the other members of the Executive Board are not to attend is unproblematic for the Supervisory Council. However, it is important to be aware that this requirement could lead to a lack of clarity. For example, questions might arise over what constitutes a justification under this requirement in the law, and how detailed this justification should be.

It is not the practice for the non-executive members of the Executive Board to be called to meetings of the Supervisory Council, but they may attend if they so wish. The Council assumes that the Governor, as chair of the Executive Board, will inform the non-executive members and assess whether they need to attend a meeting. Both the chair of the Remuneration Committee and the chair of the Audit Committee regularly attend Council meetings. The Council presumes that the members of the Board are aware that they may attend. Since they do not have an obligation to attend, the requirement to justify their absence would be an unnecessary construct.

For the Supervisory Council to be able to fulfil its supervisory role, it is necessary that the Council itself decides who should attend its meetings. This means that the Council is able to discuss internal matters freely, and also prevents the supervisee's fundamental "information advantage" from stopping members from talking openly and making independent assessments.

Summary

The Supervisory Council is opposed to a requirement for justification of absence, but in favour of its minutes recording absence. This is unproblematic for the Supervisory Council in principle, as it entails minuting in line with practice under previous versions of the Central Bank Act. The Supervisory Council believes it is unnecessary for the absence of non-executive members of the Executive Board to be recorded or justified.

e) Presentation of supervisory reports

Current practice

The current practice is to report to the Storting once a year.

As mentioned above, the Supervisory Council publishes the minutes of its meetings, supervisory reviews following input from the Ministry of Finance (unless information is exempted from access under the Freedom of Information Act) and its annual Report to the Storting.

On only one occasion has the Council written a letter to the Storting in addition to the regular annual report. In principle, supervisory reports are not public documents, but publication (enhanced access) is considered on a case-by-case basis.

The Council's annual Report to the Storting does not present the reports from supervisory reviews or the minutes of its meetings in full. It does, however, contain excerpts from supervisory reports and the Executive Board's responses, where available at the reporting date.

It should be stressed that the Executive Board's Secretariat is sent the Council's Report to the Storting, which includes excerpts from the Board's responses, for review. When reviewing the presentation of the facts in the report, the Bank is fully entitled to request that additional parts of its response are included in the report.

The Supervisory Council normally expresses neither agreement nor disagreement with the Executive Board's decisions. The Council may, however, ask questions about the basis for a decision, including the Board's assessments and case preparation. The Council's priorities and the resolutions passed are stated in the minutes.

The Council's assessment

From the consultation paper, it is unclear to the Supervisory Council whether the Ministry is referring solely to disagreements between the Executive Board and the Supervisory Council over facts or over assessments or considerations.

- The text of the consultation paper refers to facts, but also to the Office of the Auditor General's practice.
 - › In the Supervisory Council's supervisory work, the facts are always sent to the supervisee for verification, so that the facts are agreed before assessments are made.
 - › The Council sees no reason to draw comparisons between the Office of the Auditor General and the Supervisory Council in this context.
- The proposed provision refers to both assessments and considerations.
 - › Such a provision could be interpreted as the Ministry wishing to give the Council a new type of authority to be in disagreement in areas that are the responsibility of the Executive Board, and that the Council is thus being given an opportunity to judge the Board's assessments. The Supervisory Council has no objections to such a change. However, it is important that ambiguities do not arise around roles and responsibilities.

If it becomes a legal requirement that disagreements between the Board and the Council are to be presented in the annual report, this will first and foremost be recorded in the Council's minutes, and then in the Report to the Storting. To the extent that the requirement to disclose disagreement applies to the presentation of the supervisee's comments, views or objections in connection with the Report to the Storting, one consequence might be a need for tighter deadlines for the Executive Board's responses in order to meet the need for timeliness and topicality in the report.

Under the Norges Bank Act of 1985, the Bank's annual report, audited annual accounts and the Council's statement on the Board's minutes and its supervision of the Bank were to be sent to the Ministry for submission to the King and communication to the Storting. In 2010, the law was amended so that the Council reports directly to the Storting.⁸

The practice was previously to append the full responses from the Executive Board, but this was amended following feedback from the Standing

Committee on Finance and Economic Affairs. The feedback in 2020 was as follows: "As in its consideration of Document No. 9 (2017–2018), the Committee would ask the Supervisory Council to assess whether the form and content of its Report to the Storting live up to expectations in terms of relevance and reader-friendliness. The Committee particularly notes the repetitive use of long and stilted standard formulations and paragraphs. The Committee would stress that greater attention to form and content could also make the report more accessible and interesting for the public. The Committee looks forward to the Council's further development of the report with a view to increasing reader-friendliness."⁹ After a number of adjustments, such as the use of summaries rather than quotation in full, the feedback has been that the report is thorough and informative.¹⁰

Summary

The Supervisory Council believes that the established reporting process gives the Storting a complete and nuanced basis for its decisions. The Council nevertheless has no objections to the proposed addition in Section 4-1, although it needs to be made clear what is intended by this change. It is important that questions over interpretation do not arise that could lead to unnecessary friction between the Executive Board and the Supervisory Council and potential uncertainty about responsibilities..

4. Restrictions on candidates for Norges Bank's governing bodies

The Central Bank Act's provisions on who may be a member of Norges Bank's governing bodies have become increasingly restrictive over the past 20 years. The Ministry proposes moving in the other direction by broadening the pool of eligible candidates. The provision needs to be seen in the context of the rules on disqualification in the Public Administration Act, which also specify "other special circumstances", which include close personal association.

The Ministry proposes that employees of the political parties at central level should not automatically be excluded under Section 2-3 of the Central Bank Act,

⁸ Enactment No. 51 (2009–2010) – www.stortinget.no

⁹ Recommendation 352 S (2019–2020).

¹⁰ "The Committee [...] extends its thanks for a thorough and informative report and notes it for information" – Recommendation 365 S (2022–2023).

but that a concrete assessment should be made of all relevant candidates in the light of challenges for the Bank's independence.

The Ministry also proposes not continuing the exclusion of the children, stepchildren and parents of those considered to be disqualified. A simplification of the wording of the definition of close associates is also proposed.

The Ministry believes that the Central Bank Act's definition of close associates excludes a disproportionately broad pool of people from participating in Norges Bank's governing bodies.

The Supervisory Council agrees that the provision restricting the pool of candidates for the Executive Board and thus also the Supervisory Council in the current law is disproportionately broad, and supports the proposed simplification.

Yours faithfully

Julie Brodtkorb
Chair of Norges Bank's Supervisory Council

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