

# RESPONSIBLE ASSET MANAGEMENT OF NORWAY'S "OIL FUND"

How to ensure responsible investments in line with the key  
international standards

**May 2026**

Report commissioned by  
the Norwegian Confederation of Trade Unions (LO)

Prepared by John Eirik Grova\*

About the author: John Eirik Grova works as senior advisor at SpareBank 1 Sør-Norge Forretningspartner and formerly worked for the secretariat of the UN mandate tasked with promoting the UN Guiding Principles on Business and Human Rights.

*\*The author of the report is grateful to several leading experts on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Responsible Business Conduct, as well as other experts in responsible investment, who contributed by reviewing and providing substantive input to the draft of this report. Thanks are extended to Lene Wendland (former Head of the Business and Human Rights Unit at the UN Office of the High Commissioner for Human Rights) and Gerald Pachoud (former Special Adviser to the UN Special Representative on Business and Human Rights), who were centrally involved in the development of the UN Guiding Principles on Business and Human Rights; Ashleigh Owens (Director, Financial Institutions Lead, Shift); Bob Dannhauser (Senior Advisor, Financial Institutions, Shift); and Mark Taylor (author of War Economies and International Law and lead researcher for the Red Flags initiative, redflags.info); and other subject-matter experts on responsible investment and the OECD Guidelines. Their comments and feedback have been of great value and have strengthened the final outcome. The author alone is responsible for the content.*

*The views, analyses and conclusions presented in this report represent the author's independent professional judgments and cannot be attributed to SpareBank 1 Sør-Norge Forretningspartner AS, SpareBank 1 Sør-Norge ASA, or the commissioning party (LO). The report has been prepared in a professional and independent capacity, and no part of its content should be understood as official statements on behalf of any of the aforementioned organisations.*

## Content

<b>Executive summary</b> .....	4
<b>1. A new ethical framework for the “Oil Fund”?</b> .....	8
Background .....	8
Norm breaches as a driver of the development of the ethical framework up to November 2025 .....	8
The Council on Ethics and NBIM as leading reference points – but also divergences from the UNGPs and the OECD Guidelines .....	10
The index challenge .....	11
The security policy argument .....	12
<b>2. UNGPs and the OECD Guidelines – The key international standards for responsible business and investment</b> .....	12
UNGPs – the global framework for business and human rights .....	13
OECD Guidelines – a broad standard for responsible business conduct .....	14
OECD National Contact Points – practical implementation .....	15
The due diligence standard – the core of the UNGPs and the OECD Guidelines .....	15
Termination of business relationships (exit) .....	17
The UNGPs and OECD Guidelines also apply to investors and asset managers .....	17
Due diligence in practice for responsible investment management .....	17
Responsibility also applies to minority shareholders .....	18
Divestment – a necessary part of the responsible investment toolkit .....	19
Transparency .....	21
Are some investments “crucial” for index-oriented management? .....	21
What do the UNGPs and OECD Guidelines say about “exclusion”? .....	22
“Direct linkage” and responsibility – regardless of investment strategy .....	23
How to strengthen leverage when needed to ensure responsible investment .....	23
Value chain-related assessments .....	24
The need for heightened due diligence when investments are linked to conflict-affected areas .....	25
<b>3. GPFG in light of responsible investment practices among other asset managers</b> .....	27
<b>4. Obligations under international law for the Norwegian state as a capital owner</b> .....	29
<b>5. Implications of the UNGPs and the OECD framework for the respective responsibilities and roles of the GPFG and the Council on Ethics</b> .....	29
UNGPs and the OECD Guidelines as a principled foundation .....	29
Implications of the UNGPs and the OECD Guidelines for the management mandate set by the Norwegian state .....	31
Implications for the Council on Ethics .....	32
Overall reflections: Principled pragmatism in turbulent waters .....	32

## **Executive summary**

### ***The key international standards as the foundation for responsible asset management of the GPFG***

#### **Background and purpose**

Minister of Finance Jens Stoltenberg has emphasised to the Norwegian Confederation of Trade Unions (LO) that an updated ethical framework for the Government Pension Fund Global (GPFG) from 2027 shall be based on the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Together, these two frameworks constitute the key global point of reference for responsible business conduct and responsible investment in addressing risks of adverse impacts on human rights, the environment and society. To ensure responsible asset management in practice, it is essential that they are given a central place in the new ethical framework for the GPFG.

The UNGPs and OECD Guidelines are embedded in the GPFG's current mandate and enjoy broad support. At the same time, both the implementation of the mandate and the public debate demonstrate that there is often considerable uncertainty as to what these standards actually entail in areas such as ownership (active ownership/stewardship), divestment and transparency. The purpose of this report is therefore to contribute to a fundamental understanding of the UNGPs and the OECD Guidelines, and to clarify what responsible management of the GPFG in accordance with these international standards will entail in practice going forward.

#### **The evolving challenge following the decision to suspend the exclusion and observation guidelines**

Over several years, the Council on Ethics' recommendations on "ethical exclusions" and the GPFG's practice have been an important reference for other investors internationally. However, the Norwegian Parliament's decision in November 2025 represents the most comprehensive restructuring of the GPFG's ethical framework since 2004. The Council on Ethics can no longer issue recommendations on observation and exclusion, but only recommendations on ownership (active ownership) or the revocation of previous decisions. At the same time, Norges Bank Investment Management (NBIM) has been assigned responsibility for addressing ethical issues through its "ordinary active ownership".

The government has established interim guidelines, while the Gjedrem Committee is to provide recommendations for a new comprehensive framework by 15 October 2026.

Former council chairs, academic experts and civil society actors have warned of risks of weakened independent expert assessments, increased politicisation and reduced transparency. The decision has attracted international attention. In March 2026, the UN Working Group on Business and Human Rights stated that removing the option of divestment in cases of breaches of international norms is not consistent with the UNGPs.

A key justification for the revision was the concern that potential exclusion of large technology companies could come in conflict with the Fund's index-tracking mandate and the risk of a high deviation from the GPFG's benchmark index ("tracking error"). While the index challenge is real for a fund mandated to track a global index, it does not exempt the GPFG from its responsibilities under the UNGPs and the OECD Guidelines. These do not allow for

the exemption of entire categories of companies. Another justification related to the GPFG's exclusion of certain arms producers that are part of NATO's deterrence strategy and important suppliers to the Norwegian defence. From a responsible investor perspective, however, it is necessary to distinguish between the state's role in defence and security policy and NBIM's role as a responsible asset manager of a global portfolio.

### **The key international standards**

The UNGPs and the OECD Guidelines together constitute the global reference framework for responsible business conduct and responsible investment, with broad recognition among governments, business and the financial sector. In the Norwegian context, governments across the political spectrum have backed these international standards.

They provide common guidance on how enterprises, including investors, should identify, prevent and address risks of harm to people, the environment and society through risk-based due diligence. They are directly grounded in existing obligations under international law and have had significant influence on legislation and market practice internationally. Norway has been a key proponent of the UNGPs and the OECD Guidelines and of their national implementation.

Due diligence is at the core of both frameworks. It should be risk-based, proportionate and prioritise the most severe impacts. The standards apply to all enterprises, in all sectors, regardless of ownership structure – including institutional investors and asset managers.

### **Investor responsibility and the role of divestment**

The UNGPs and the OECD Guidelines establish that investors have an independent responsibility to identify, prevent and address actual and potential harm to which they are linked through their investments, irrespective of states' duties and investee companies' own responsibilities. This responsibility applies regardless of investment strategy, including passive and index-oriented management. A small ownership stake or limited leverage does not alter the responsibility, although it may affect the available means.

Divestment is a legitimate and necessary part of the responsible investment toolbox. It is not an objective in itself, but a consequence to be considered where engagement does not succeed, companies show no willingness to improve, and where the severity of impacts warrants it. The absence of the option of divestment weakens both the effectiveness and the credibility of active ownership.

### **Ownership, index mandates and value chain assessments**

The UNGPs and OECD Guidelines do not entail a choice between engagement and divestment, but a holistic, risk-based process in which tools are used complementarily. Active ownership is expected as a first step, but escalation – including the possibility of divestment – is expected in cases of severe harm to people and the environment where engagement is ineffective.

Arguments that certain companies are too large in an index-based strategy to be held accountable are incompatible with the international standards. Tracking an index does not provide an exemption from responsibility.

In relation to value chains, the UNGPs and OECD framework focus on actual or potential linkage to severe harm, not on whether products have legitimate civilian uses or the proportion of a company's activities linked to breaches. The introduction of percentage

thresholds for responsibility would contradict the risk-based logic of the framework and weaken protection in the most serious cases.

### **Enhanced due diligence in conflict-affected contexts**

In conflict and high-risk contexts, investors have a particular responsibility to exercise heightened due diligence. It is precisely in such situations that the most serious violations of human rights and international humanitarian law occur. The UNGPs and OECD Guidelines clarify that investors should prioritise the risk of the most severe impacts their investments may be linked to, including potential links to war crimes. Failure to identify and address such risks is not consistent with responsible investment practice.

### **Market practice and comparison**

Compared with some other large Norwegian institutional investors, the GPFG's exclusion practice appears moderate. Concerns that the Fund will exclude "too many companies" appear exaggerated considering current market practice.

### **The State's obligations under international law**

The Norwegian state has an independent obligation under international law that reinforces the requirements for how the GPFG is managed. The UNGPs clarify that the state duty to protect human rights also extends to its role as an investor and owner of financial assets. The state is responsible for ensuring that the GPFG's mandate and management are consistent with Norway's international obligations, including requirements for enhanced due diligence where risks so require.

### **UNGPs and OECD as the principled foundation going forward**

The GPFG's management is already anchored in the UNGPs and OECD Guidelines through its mandate and policy principles. The challenge lies in consistent implementation in practice, while the anchoring in these core international standards should be further clarified. There is no need for Norway-specific criteria.

At the same time, certain elements of the Gjedrem Committee's mandate entail a risk of weakening this principled foundation by opening for security and foreign policy considerations in company assessments. Such a shift would be inconsistent with the UNGPs and OECD frameworks, which are intended precisely to shield company conduct assessments from shifting political priorities.

Clarifying alignment with the UNGPs and OECD Guidelines in the updated ethical framework and mandate implies:

- NBIM's independent responsibility for ongoing due diligence across the portfolio
- that active ownership, escalation and divestment are complementary tools
- that collective action with other responsible investors is a key part of the toolbox
- that the independent role of the Council on Ethics is more clearly anchored in the same international standards

### **Overall reflections: Principled pragmatism in turbulent times**

In the current context characterised by geopolitical instability and growing social and environmental crises, there is a need to strengthen – not weaken – responsibility in the management of the GPFG. For a long-term global investor, this is not an expression of idealism, but of necessary long-term risk management.

A clear anchoring in core international standards for responsible investment provides a robust framework for navigating an increasingly fragmented and unpredictable world order.

The UNGPs and OECD Guidelines are specifically designed to address risks and severe adverse impacts of business activity in an imperfect world. The frameworks are based on “principled pragmatism”: clear normative expectations combined with an understanding of complex contexts and practical constraints.

Anchoring the GPFG’s management in the UNGPs and OECD Guidelines simultaneously serves several purposes. It supports Norway’s self-interest as a small state in maintaining a rules-based international order founded on international law and the rule of law, while contributing to stability in the global markets in which the Fund is invested. It also clarifies the Norwegian state’s responsibility under international law – both as a capital owner and as a regulator – to ensure that public wealth is managed in accordance with fundamental human rights and with a view to identifying, preventing and addressing severe harm to people, the environment and society.

Furthermore, such anchoring strengthens policymakers’ ability to uphold principled and responsible management. Decisions based on widely recognised international frameworks provide better protection against political pressure, reduce the risk of selective practice, and enhance the Fund’s legitimacy and consistency over time. This also strengthens NBIM’s credibility as a responsible investor, as difficult decisions can be explained and justified with reference to established international standards. Finally, it contributes to confidence among the owners that the nation’s wealth is managed in a way that respects universal norms, addresses serious harm to people, the environment and society, and at the same time seeks the highest possible return within the framework of prudent risk-taking and responsibility.

## 1. A new ethical framework for the “Oil Fund”?

### Background

Minister of Finance Jens Stoltenberg has emphasised to the Norwegian Confederation of Trade Unions (LO) that the updated ethical framework for the Government Pension Fund Global (GPFG) / the “Oil Fund” from 2027 “shall be based on the UN and OECD guidelines.”

This is essential to ensure responsible management of the Fund. Taken together, the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct constitute the central international standards for responsible business conduct and responsible investment.

The Fund’s existing mandate explicitly refers to the UNGPs and the OECD Guidelines. Furthermore, the Standing Committee on Finance of the Norwegian Parliament stated in June 2025 that “it clearly follows that the principles for responsible asset management shall be based, inter alia, on the UNGPs and the OECD Guidelines.”<sup>1</sup>

Nevertheless, both implementation in practice and the public debate often reveal a lack of understanding of what this entails, for example in relation to active ownership, divestment and transparency.

*The purpose of this report is therefore to contribute to a fundamental understanding of the UNGPs and the OECD framework, and to clarify what responsible management of the GPFG in accordance with these international standards will entail in practice going forward.*

### Norm breaches as a driver of the development of the ethical framework up to November 2025

The ethical framework for the GPFG has largely been shaped in response to cases where investments have been linked to breaches of international norms and harm to people, the environment and society.

Revelations of investments in producers of anti-personnel landmines led to the establishment of the Council on International Law in 2001. Subsequently, the Graver Commission was appointed in 2002 following further revelations of investments in producers of cluster munitions and nuclear weapons.

The Graver Commission (NOU 2003:22 “Management for the Future”) laid the foundation for the core components of the ethical framework adopted by Parliament in 2004:

- product-based exclusions (e.g. cluster munitions, nuclear weapons)
- conduct-based criteria for serious breaches of human rights and international humanitarian law
- an independent Council on Ethics with a mandate to issue publicly available recommendations on exclusion and observation of companies in the Fund’s portfolio
- the exercise of ownership (active ownership) carried out by Norges Bank Investment Management (NBIM)

Subsequent revisions included, inter alia, the tobacco criterion (2010), the transfer of decision-making on exclusion and observation from the Ministry of Finance to Norges Bank (from 2015), the coal criterion (adopted in 2015, strengthened in 2019), and the climate criterion (2016). Following the recommendations of the Mestad Commission (NOU 2020:7),

further clarifications were made, including to the weapons criterion, the human rights criterion and the corruption criterion (expanded to also cover other forms of serious economic crime).

The Council on Ethics has played a central role in the system that constituted the ethical framework. As an independent advisory body, it has conducted risk assessments, fact-finding investigations and issued publicly available recommendations on exclusion and observation of companies in the Fund's portfolio. Its work has established internationally recognised practice for the interpretation of ethical criteria for investors. The division of responsibilities between the Council on Ethics and NBIM – respectively normative interpretation and active ownership – has been highlighted as important for the robustness of the framework.

Several individual cases handled by the Council on Ethics have established important principled precedents. The first divestment took place in 2005 from the US oil company Kerr-McGee, which was involved in controversial oil activities off Western Sahara (considered by the UN to be a non-self-governing territory). In 2006, the most prominent conduct-based exclusion to date occurred when Walmart was excluded due to systematic human rights and labour rights abuses, both in its own operations and in its supply chain. This case was important because it demonstrated that the framework could also be applied to very large international companies.<sup>2</sup>

Another landmark case occurred in 2009, when the Council on Ethics recommended the exclusion of the Israeli company Elbit Systems due to its supply of surveillance systems to the separation barrier in the West Bank. The recommendation, which relied on the advisory opinion of the International Court of Justice on the legality of the barrier,<sup>3</sup> established a precedent for subsequent exclusions related to the occupation of Palestinian territories.

Since 2009, several companies have been excluded based on involvement in violations of fundamental international norms in occupied territories, including Palestinian territories and Western Sahara. Severe environmental damage is the category with the highest number of recommendations from the Council on Ethics, covering a wide range of industries. This is followed by cases relating to serious or systematic human rights harms, violations of individual rights in situations of war and conflict, and gross corruption and other serious economic crimes.

As a result of the war in Gaza and the deterioration of the situation in the West Bank, the debate on the GPF's investments in companies linked to Palestinian territories intensified in 2025. Criticism of the GPF's investments in Israeli companies increased, particularly following revelations concerning the holding in Bet Shemesh Engines (which carried out maintenance of Israeli fighter aircraft). In August 2025, the Ministry of Finance requested a comprehensive review of the entire system for responsible investment related to Israel-related investments, with a clear expectation that "the Government Pension Fund Global shall not be invested in companies that contribute to states' violations of international law."<sup>4</sup>

In total, the GPF divested from 32 Israeli companies during the second half of 2025. In August 2025, four Israeli banks and the US company Caterpillar were excluded – the latter due to its supply of bulldozers used by Israeli authorities in extensive destruction of Palestinian property in violation of international law. The exclusion of Caterpillar triggered sharp reactions from some US politicians and a statement from the US State Department expressing concern about the decision.

Although other exclusions have also been met with criticism from affected states,<sup>5</sup> the reactions from the United States created a greater level of concern than previously within Norwegian political circles. In a statement to Parliament on 23 October 2025, Minister of Finance Jens Stoltenberg took the unexpected step of highlighting the exclusion framework itself as problematic.<sup>6</sup>

Stoltenberg warned that the work of the Council on Ethics could force the GPFG to consider excluding large technology companies that carry significant weight in global indices. At the same time, he pointed to the paradox that the GPFG has excluded several companies producing weapons that Norway itself purchases or that form part of NATO's deterrence strategy.

Parliament followed up with a decision on 4 November 2025 that suspended the recommendation-based system for exclusions. This marked a historic break with the model established in 2004.

Parliament's decision in November 2025 represents the most far-reaching change since 2004. The Council on Ethics can no longer issue recommendations on observation and exclusion, but shall only provide recommendations on active ownership or the revocation of previous decisions. NBIM is to address ethical issues through "ordinary active ownership." The government adopted interim guidelines implementing Parliament's decision.<sup>7</sup> At the same time, the Gjedrem Committee was established with a mandate to provide recommendations for a new ethical framework for the GPFG by 15 October 2026.

Former council chairs, experts and civil society actors have described this as a significant weakening of independent ethical oversight, with risks of politicisation, reduced transparency and deviation from the expectations in the UNGPs and the OECD Guidelines regarding effective responses to serious international norms breaches. In a letter to the Norwegian authorities in March 2026, the UN Working Group on Business and Human Rights emphasised that the removal of the possibility of divestment in cases of international norms breaches is inconsistent with the UNGPs.<sup>8</sup>

NBIM may still divest from companies based on "sustainability risk" or ESG-based (environmental, social and governance) risk considerations. However, these are purely financial assessments and therefore differ from exclusions based on expectations of addressing adverse impacts on human rights or the environment associated with investments. There is also no transparency regarding the specific companies or the assessments underlying such risk-based divestments. These divestments are also applied only to relatively small holdings due to constraints on deviations from the benchmark index ("tracking error"). According to NBIM, the GPFG divested from 58 companies in 2025, of which 17 had been included in the Fund's benchmark index during the year.<sup>9</sup>

### [The Council on Ethics and NBIM as leading reference points – but also divergences from the UNGPs and the OECD Guidelines](#)

The Council on Ethics' recommendations have, up until November 2025, served as an internationally leading reference for the implementation of ethical criteria and for a high degree of transparency regarding exclusions. Together with the GPFG's practice, this has been relatively unique among large sovereign wealth funds.

At the same time – and although the GPFG's existing mandate explicitly refers to the UNGPs and the OECD Guidelines – there has not always been full alignment with international

standards in the implementation of the ethical framework. The Council on Ethics' recommendation practice has been based on the ethical guidelines themselves and has therefore to a lesser extent applied the UNGPs and the OECD Guidelines directly. Given that the Council's criteria for exclusion have been limited to cases where companies directly cause or contribute to serious breaches, the third category of involvement under the UNGPs – *direct linkage through business relationships* – has to a limited extent been reflected. This means that a category of cases which, under the UNGPs and the OECD Guidelines, may trigger investor responsibility in situations involving serious harm, has been less fully covered in practice.

Furthermore, the ethical framework and the Council on Ethics' practice have not addressed companies' responsibility to provide or contribute to *remedy* where serious harm has already occurred, despite this being a central dimension of the UNGPs and the OECD framework. As noted, inter alia, in the parliamentary debate in June 2025, the threshold for exclusion has also often been criticised for being too high, allowing companies associated with serious norm breaches to remain in the portfolio.<sup>10</sup>

Another gap in the implementation of the ethical framework is that it has not always been equally clear that NBIM itself has an independent responsibility to carry out its own ongoing due diligence. This is a clear expectation under the UNGPs and the OECD framework, which entails not only identifying risks, but also taking steps to identify, prevent, mitigate and account for adverse impacts linked to investments (> elaborated on p. 16).

### The index challenge

The stated rationale for revising the ethical guidelines was largely linked to the risk that, in theory, the GPFG could exclude major technology companies such as Apple, Microsoft, Nvidia, Alphabet, Meta and Amazon – which typically account for around 20% of global equity indices. For an index-oriented fund such as the GPFG, exclusion of such companies would therefore entail a high level of *tracking error* (deviation from the benchmark index return) and the risk of systematically missing out on substantial portions of market returns. Significant deviations from the benchmark pose challenges both financially and in terms of legitimacy. The GPFG's equity benchmark index is determined by the Ministry of Finance and is based on the FTSE Global All Cap Index.

The index challenge is real, as NBIM has a clear responsibility and unambiguous mandate to achieve the highest possible return. At the same time, this does not exempt the Fund from its responsibilities under the UNGPs and the OECD Guidelines in relation to responsible investment. It is not consistent with the UNGPs and the OECD Guidelines to exempt categories of companies on such grounds.

When the weighting of a single sector in the index is used as an argument for weakening responsible investment criteria, it effectively implies that the larger and more heavily weighted a category of companies is, the weaker the expectations that apply. This runs directly counter to the UNGPs and the OECD framework, which expect investors to prioritise the most severe risks to people and the environment. Another consequence of the decision to suspend the observation and exclusion guidelines is that companies in other sectors – not only large technology firms – also fall outside the scope. Since divestment is an important tool within the broader set of measures available for effective stewardship, this affects the entire framework's ability to address serious adverse impacts on human rights and the environment across the portfolio.

## The security policy argument

The exclusion of arms producers involved in the production of nuclear weapons is highlighted in the mandate of the Gjedrem Committee as a particular dilemma, as such weapons form part of NATO's deterrence strategy, and several of these companies are important suppliers to the Norwegian defence.

From a responsible investor perspective, however, it is necessary to clearly distinguish between the state's role in defence and security policy and NBIM's role as a responsible asset manager of a global investment portfolio. For responsible management in line with international standards, the appropriate starting point is therefore to assess the risk that companies in the portfolio may be involved in breaches of fundamental norms of international law.

As a shareholder in a weapons-producing company, an investor is *directly linked* to the company's entire operations, including the production of weapons or components that are prohibited under international law, or sales to states involved in serious violations of international humanitarian law. Even for minority shareholders, the UNGPs imply a responsibility to address risks associated with such linkage (> elaborated on p. 19).

For the GPFG specifically, investor responsibility applies independently of the state's obligations, while being further reinforced by the fact that the state's duty to protect human rights also extends to its role as an economic actor.

At the same time, the evolving security situation in Europe has highlighted the need for a more nuanced framework for responsible defence investments. A group of investors has therefore initiated work to develop an approach that combines respect for international conventions, international humanitarian law and due diligence in line with the UNGPs and the OECD Guidelines. This work also addresses the growing role of technology companies in the defence sector and the gradual blurring of the distinction between civilian and military activities. This ongoing work is likely to be highly relevant in the development of new guidelines for the GPFG.<sup>11</sup>

### **The effect of exclusions on the GPFG's financial return**

NBIM reports that the return on the Fund's benchmark index excluding the excluded companies over the period 2006-2025 was 2.42 percentage points lower than it would have been without exclusions (i.e. compared to the original benchmark index). On an annual basis, this corresponds to 0.03 percentage points lower return.

At the same time, conduct-based exclusions – particularly the exclusion of companies due to severe environmental damage – have contributed positively, with 0.01 percentage points higher annual return. For the period 2006-2025, the overall effect was an increase in returns of 1.10 percentage points compared to the benchmark index excluding excluded companies.

It is especially the product-based exclusions that have reduced the cumulative return of the equity benchmark index by approximately 3.51 percentage points, or 0.04 percentage points annually. Exclusions of weapons producers have had the largest negative impact on returns, but tobacco exclusions have also contributed.<sup>12</sup>

## **2. UNGPs and the OECD Guidelines – The key international standards for responsible business and investment**

The UNGPs and the OECD Guidelines together constitute the global reference point for responsible business conduct and responsible investment. They are widely recognised and

endorsed by governments. In the Norwegian context, governments across the political spectrum have supported these international standards.

The UNGPs and the OECD Guidelines set out expectations for how enterprises – including investors – should identify, prevent and address risks of harm to people, the environment and society through risk-based due diligence. As international guidelines, they are not legally binding in themselves but build on and clarify existing norms and obligations under international law. The UNGPs are grounded directly in international human rights law as well as practices from criminal and civil liability in national jurisdictions. They specify what existing conventions and frameworks imply for safeguarding human rights in a business context. The UNGPs and the OECD Guidelines have, within a short period of time, had significant influence on legislation and enterprises' own commitments. They apply across sectors, geographies and corporate forms.

The main sources of authoritative interpretation are:

- UNGPs: UN bodies mandated to promote the UNGPs, namely the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the independent UN Working Group on Business and Human Rights appointed by the UN Human Rights Council
- OECD Guidelines and related guidance: the OECD Secretariat

#### [UNGPs – the global framework for business and human rights](#)

The UNGPs were unanimously endorsed by the UN Human Rights Council in 2011 following an extensive multi-stakeholder process involving states, business, investors, trade unions and civil society. The process was led by the UN Special Representative John Ruggie, appointed by then Secretary-General Kofi Annan. The origins of the UN mandate can be traced back to Kofi Annan's initiative to address the adverse impacts of globalisation, including the launch of the UN Global Compact for responsible business conduct and the precursor to the UN Sustainable Development Goals in 2000. An important aspect of the process was to draw on practical experience from business and finance. The principles were intended both to be firmly rooted in existing international law and to be practically applicable.

The agreement on the UNGPs marked a milestone in efforts to advance responsible business conduct. The unanimous support from UN member states gave the UNGPs the status of the (so far only) globally recognised standard for responsible business conduct in the area of human rights. They established a common framework for expectations of states' duties and companies' responsibilities, and have become a reference point in legislation, international standards, financial institutions' guidelines and companies' governance systems worldwide.

The UNGPs are structured around three mutually reinforcing pillars:

- The State duty to protect human rights
- The corporate responsibility to respect human rights
- Access to effective grievance mechanisms and remedy

The corporate responsibility to respect human rights, as set out in the UNGPs, reflects a fundamental global norm and constitutes a global standard of expected conduct. This responsibility applies to all business enterprises, regardless of size, sector, operational context, ownership or corporate structure.

In practice, this responsibility entails:

- Avoid *causing* adverse human rights impacts through their own activities and address such impacts when they occur.
- Avoid *contributing* to adverse human rights impacts through their own activities, or to abuses caused by others in their value chain, and address such impacts when they occur.
- Seek to prevent or mitigate adverse impacts that are *directly linked* to their operations, products or services through business relationships – that is, impacts caused by business partners or others in the value chain, not by the enterprise itself, but to which it is linked through those relationships.

Respect for human rights under the UNGPs refers primarily to the International Bill of Human Rights – the Universal Declaration of Human Rights and the two core covenants on civil and political rights and on economic, social and cultural rights – and the ILO core conventions on fundamental labour rights. Where relevant, the responsibility also covers the rights of specific groups protected under dedicated human rights conventions, such as children, women, minorities and Indigenous peoples. In addition, it is emphasised that international humanitarian law is particularly relevant for business operations in conflict-affected areas, where companies are expected to exercise heightened due diligence.

#### **Norway's role – up to 2025**

Norway was a key supporter in the process leading up to the adoption of the UNGPs in 2011. The Norwegian delegation played an important role in securing consensus among UN member states. Then Minister of Foreign Affairs Jonas Gahr Støre was personally engaged in the process to ensure broad support for the UNGPs.<sup>13</sup> In connection with the UN's commemoration of the 10th anniversary of the UNGPs in 2021, then Prime Minister Erna Solberg emphasised the importance of the UNGPs and Norway's central role.<sup>14</sup>

Norway has also been at the forefront of efforts to implement the UNGPs and the OECD Guidelines at the national level. The Transparency Act was among the first human rights due diligence laws for business globally. The GPF's explicit integration of the UNGPs into its ownership practices has also been highlighted as an important reference point for how institutional investors can operationalise these expectations in line with the UNGPs.<sup>15</sup>

Considering Norway's important role in developing this framework for business, international experts have raised concerns about the Storting's decision to suspend the guidelines for observation and exclusion. In March 2026, the UN expert group mandated to promote the UNGPs sent a letter to the Norwegian authorities stating that the decision is incompatible with the UNGPs.<sup>16</sup> That Norwegian politicians were behind one of the most notable setbacks for responsible capital in 2025 has attracted international attention.

#### OECD Guidelines – a broad standard for responsible business conduct

The OECD Guidelines for Responsible Business Conduct are, in turn, the leading international standard for addressing adverse impacts of business activities on climate, the environment, social conditions and governance. The Guidelines cover a broader set of issues than the UNGPs, including climate, environment, corruption, labour rights, consumer interests, taxation and transparency. The chapter on human rights mirrors the UNGPs. The Guidelines as a whole are based on the UNGPs' model for due diligence. The UNGPs and the OECD Guidelines express the same expectations regarding business responsibility for human rights. Interpretations have developed in parallel, and sources of interpretation are relevant to both.

The OECD Guidelines have been adopted by all OECD member countries as well as several non-members, in total 52 countries. They function as a common political commitment to expectations of responsible business conduct and responsible investment.

The Guidelines were first introduced in 1976 and are regularly updated to reflect societal developments. In 2011, the Guidelines were updated based on the UNGPs' model for due diligence, and a dedicated human rights chapter was included. The update was developed in coordination with the UN Special Representative on business and human rights to ensure full alignment with the UNGPs. In 2018, the OECD published guidance elaborating how responsible business conduct due diligence should be carried out in practice. In 2023, the Guidelines were further updated, including strengthened expectations related to climate and the environment. In addition, the OECD has developed accompanying sectoral and thematic guidance, including for the financial sector and institutional investors (from 2017).

The OECD Guidelines rest on the same normative foundation as the UNGPs but expand the scope of responsibility to include respect for people, the environment and society. The Guidelines apply both to enterprises in the real economy and to financial institutions. Responsible business conduct means they should:

- Avoid causing or contributing to adverse impacts on people, the environment or society, and address such impacts when they occur.
- Seek to prevent or mitigate adverse impacts on people, the environment or society that are directly linked to their operations, products or services through business relationships – that is, impacts caused by business partners or others in the value chain, not by the enterprise itself.

This responsibility should be operationalised through risk-based due diligence to prevent and address adverse impacts on people, the environment and society. The OECD Guidelines emphasise that responsibility is not about company size, but that all enterprises must address risks to people, the environment and society.

#### OECD National Contact Points – practical implementation

National Contact Points (NCPs) function as non-judicial grievance mechanisms for the OECD Guidelines. The Norwegian NCP, for example, has handled several cases involving Norwegian companies. In a complaint from 2012 against the South Korean company Posco, concerning adverse social impacts of a steel plant in India, NBIM was also involved through its role as an investor. The complainants argued that two of the investors in Posco (ABP and NBIM) had not taken sufficient measures to prevent or mitigate the company's adverse impacts on human rights and the environment. The case established that the OECD Guidelines apply to investors and minority shareholders and led to the development of OECD sector guidance for institutional investors.<sup>17</sup> Although NBIM, in a letter to the OECD, recommended that minority shareholders should be exempt from the OECD Guidelines,<sup>18</sup> the guidance for institutional investors clearly established that the Guidelines also apply to minority shareholders.<sup>19</sup>

#### The due diligence standard – the core of the UNGPs and the OECD Guidelines

Due diligence is the method enterprises should use to identify, prevent and mitigate adverse impacts. In practice, this consists of several components forming a continuous process and appropriate measures.

Responsibility should be embedded in enterprise policies and governance systems, while due diligence in practice includes:

1. Identifying and assessing actual and potential adverse impacts
2. Taking action to cease, prevent or mitigate adverse impacts
3. Tracking implementation and results
4. Communicating how risks and adverse impacts are addressed

In addition, enterprises should provide for or cooperate in remediation where they have caused or contributed to harm to people, the environment or society.

Due diligence should be risk-based and proportionate to the severity of the risks. The UNGPs and the OECD Guidelines clarify that responsibility covers both an enterprise’s own operations and its business relationships, and not only the first tier of the value chain. The intention behind this clarification is to prevent companies from “structuring away” responsibility through subsidiaries, outsourcing or complex structures.<sup>20</sup> For enterprises with thousands of business relationships, it is not expected that all can be assessed individually. In such cases, the enterprise should identify and prioritise areas where the risk of adverse impacts on people and the environment is greatest and most severe.

Expectations for action depend on how the enterprise is linked to risk or harm:

- If it causes actual or potential harm: it must cease the adverse impact and provide remedy.
- If it contributes to actual or potential harm: it must cease its contribution, use its leverage to mitigate harm, and participate in remediation.
- If it is directly linked to harm through business relationships and the value chain: it should use its leverage, and assess the significance of the relationship, the severity of the impact and the potential for improvement.

Situations where an enterprise is initially directly linked to harm may over time develop into situations that may be seen as contribution or complicity. This is particularly the case where serious abuses are known or should have been known and are not addressed. The GPF’s divestment from Caterpillar due to bulldozers used for unlawful destruction of Palestinian property illustrates this logic (even though the UNGPs were not explicitly applied by the Council on Ethics). Although Caterpillar is in principle “only” directly linked to the harm through its products, and does not itself cause violations of international humanitarian law, the end-use of the bulldozers is well known. The assessment was that the company has not implemented adequate measures despite known risks over many years. The risk of contribution was therefore considered unacceptable by the Council on Ethics.

**The uptake of the due diligence standard in legislation and markets**

The UNGPs and OECD standard has increasingly been incorporated into national and regional legislation. In Norway, the Transparency Act requires companies covered by the Act to explicitly carry out due diligence in accordance with the OECD Guidelines (limited to human rights and decent working conditions, thus implicitly the human rights chapter and the second pillar of the UNGPs).

Similar legislation has been adopted or is under development in a number of countries across several regions, including in Asia. The EU’s Corporate Sustainability Due Diligence Directive (CSDDD) is based on the UNGPs and OECD framework. The Corporate Sustainability Reporting Directive (CSRD) also builds on the UNGPs and OECD due diligence standard, requiring companies to identify material impacts on people, the environment and society linked to their own operations and their value chains.

In parallel since 2011, thousands of companies have integrated the UNGPs and OECD Guidelines into their own policies, governance systems and requirements for business relationships. The same applies to investors, where responsible investment frameworks, ownership principles and due diligence processes are based on the same methodology.

### Termination of business relationships (exit)

The UNGPs and OECD framework states that termination of a business relationship should be considered where a business partner is involved in severe adverse impacts on people, the environment or society, and it is not possible to exercise or obtain sufficient leverage to influence the situation. The decision should be based on the enterprise's leverage, the severity and duration of the harm, and consideration for affected people. Where serious abuses persist without meaningful improvement, enterprises are expected to consider terminating the business relationship, or to document continued efforts to address the impacts and be prepared for reputational, financial and legal consequences of remaining in the relationship.

### The UNGPs and OECD Guidelines also apply to investors and asset managers

The UNGPs and OECD Guidelines apply to all enterprises across all sectors, including the financial sector and investors, regardless of ownership. This includes both asset owners (the "investor") and asset managers.<sup>21</sup>

Investors and asset managers have an independent responsibility to identify, prevent and address actual and potential adverse impacts on people, the environment and society, regardless of states' duties and the responsibility of portfolio companies. Investors are typically "directly linked" to impacts caused by portfolio companies through their investments. In cases of persistent and very severe impacts, this may over time evolve into situations that can be seen as contribution or complicity.

The responsibility applies regardless of investment strategy, including passive and index-based investment. A small ownership stake does not exempt an investor from responsibility, even though it may affect which levers are available.

### Due diligence in practice for responsible investment management

Due diligence under the UNGPs and OECD Guidelines is at the core of responsible investment management and applies fully to the GPFG and NBIM, as to other institutional investors. Responsibility must be embedded in governance systems, including a policy that sets out commitments on human rights, labour rights, the environment, anti-corruption, etc., integrated into governance structures, reporting lines, risk management and incentives. For NBIM, this means that due diligence must be part of the core investment process and not treated as a side activity. Responsibility cannot be shifted to the Council on Ethics. While assessments may be delegated, NBIM remains responsible for acting on findings.

Effective implementation also requires clear expectations towards external managers, data providers, index providers and portfolio companies, and that the asset owner, represented by the Ministry of Finance, explicitly anchors due diligence requirements in line with the UNGPs and OECD framework in the mandate.

A key element of implementation is to identify and assess actual and potential adverse impacts on people, the environment and society across the entire portfolio, both prior to investment and on an ongoing basis. This should be done on a risk basis, with particular

priority given to sectors, geographies and business models where the risk of severe impacts is greatest.

To carry out due diligence in line with the UNGPs and OECD Guidelines, risk monitoring and assessments should rely on independent and credible sources, not solely on company self-reporting or ESG data providers, which the UN and OECD caution against using in isolation in high-risk contexts.<sup>22</sup> Stakeholder engagement or dialogue is a core element of due diligence, also for investors. In relation to human rights risks, where direct dialogue with affected parties is not always possible, the UNGPs and OECD Guidelines expect engagement with legitimate representatives of affected stakeholders, such as civil society organisations, trade unions or relevant experts.

AI tools make broad risk monitoring more feasible, and NBIM already monitors around 8,500 companies in real time.<sup>23</sup> At the same time, access to information is very limited in some contexts, which can make monitoring certain risk landscapes challenging, even for a resource-rich manager.

When severe risks or actual violations are identified, there is a clear expectation to take action through active ownership, including dialogue, requirements for due diligence, voting, cooperation with other investors, and potentially engagement with index and data providers. Measures should prioritise the most severe impacts, and where leverage is ineffective, reducing exposure or divestment should be considered in line with the UNGPs and OECD framework. In practice, due diligence also entails monitoring whether measures actually reduce risk, including in conflict-affected areas, and adjusting efforts where necessary.

Transparency is a core principle, both regarding processes, risk assessments and divestments, while the timing and form of communication may be balanced against the risk of market disruption.

Finally, the UNGPs and OECD framework implies that investors should also play a role in remediation in the rare cases where an investor has caused or contributed to harm, whether through decisions, actions or omissions. In such cases, the investor is expected to actively contribute to or cooperate in remediation. The most common situation is where an investor is directly linked to harm through a portfolio company. In such cases, the responsibility is to use, and where necessary increase, leverage to ensure that the entity causing harm provides remedy, for example through financial compensation, mitigation and prevention of recurrence. This may involve active engagement, escalation strategies, investor cooperation and, where relevant, consideration of exit if it is not possible to achieve positive change. The UN also recommends that institutional investors establish mechanisms to receive complaints about serious abuses in their portfolios, although such mechanisms remain limited in the financial sector.

### Responsibility also applies to minority shareholders

Minority shareholders have the same responsibility under the UNGPs and OECD Guidelines as other investors, although the degree of actual influence may vary. Even very large institutional investors such as the GPFG will often be minority shareholders in many companies. At the same time, it is important to underline that small ownership stakes do not necessarily mean a lack of influence or an inability to build leverage.

In some markets, ownership structures, governance practices or asset classes such as bonds may limit the ability to exercise influence. However, UN and OECD guidance emphasises that

responsibility applies regardless of the form of investment. Minority shareholdings constitute a business relationship under the UNGPs/OECD framework, meaning that the investor is directly linked to any adverse impacts caused by the company. This entails a responsibility to identify, prevent and address serious risks and harm, regardless of the size of the ownership stake.

The Office of the UN High Commissioner for Human Rights (OHCHR) has clarified that “leverage is not a mathematical calculation that automatically equates to the percentage of ownership”, and that the question of whether an investor has leverage to effect change is separate from the question of whether responsibility exists in the first place.<sup>24</sup>

Where the investor has the ability to influence outcomes, it is expected to use that leverage, including through active ownership, shareholder proposals, voting and cooperation with other investors. Where a company is responsible for serious abuse and shows no willingness to improve despite investor pressure, the investor should consider exiting the investment. The key point is that shareholders, by definition, own a stake in the company and are therefore directly linked to any actual or potential adverse impacts the company is involved in, regardless of the size of that stake. In practice, almost all equity investors are minority shareholders. If all investors assumed that minority positions are too small to provide meaningful leverage, the result would in practice be unprincipled ownership across the entire market. The distinction often drawn between active and passive management is relevant when assessing available levers, but passive investments still entail ownership and therefore responsibility. Index investing also involves active choices.

The same considerations apply to debt investors, where the link is established through holding a portion of a company’s debt, although practical implications may vary. In primary markets, negotiating power may be greater and more direct than in secondary markets.

### Divestment – a necessary part of the responsible investment toolkit

Under the UNGPs and OECD Guidelines in an investment context, divestment should be considered where other measures have been attempted and have failed.

Divestment is a legitimate tool in the responsible investment toolkit. It is not an objective in itself, but a consequence when engagement does not succeed, when companies show no willingness to improve, or when the severity of the breaches makes continued ownership untenable. Continued exposure to very severe impacts over time may, as clarified by the UN, lead to a situation where an investor moves from being “directly linked” to contributing to or being considered as complicit in the harm. For example, continued provision of capital or legitimisation of a portfolio company in situations where serious impacts are known – or should have been known – may be relevant in such an assessment.<sup>25</sup>

OECD and UN guidance emphasises that investor responsibility is primarily about using or strengthening leverage to address serious harm or risks associated with portfolio companies. At the same time, it is emphasised that in cases of particularly severe impacts, where measures are unlikely to be effective, divestment should be considered more quickly. OECD guidance for institutional investors also states that exclusion may be an appropriate initial response in cases of particularly serious breaches.

For investors, this means that divestment must be an integral part of the toolkit. Without the option to terminate a business relationship, active ownership becomes ineffective in practice, and companies may choose to ignore dialogue and investor expectations. A lack of recourse to

divestment weakens the credibility of an investor's commitment to responsible investment. Based on dialogue with large companies across sectors over several years, it is evident that many attach considerable importance to the decisions of the GPF. Another important point is that observation and exclusion have in many cases had a positive effect as tools, as companies have been readmitted to the investment universe following improvements in practice.<sup>26</sup>

In the mandate of the Gjedrem Commission, the committee is asked to consider whether the revised ethical guidelines should place greater emphasis on ownership practices. It is important to clarify that the UNGPs and OECD Guidelines do not imply a choice between active ownership and divestment, but rather a risk-based process where tools are used in a complementary manner. Active ownership is expected as a first step, but divestment should be considered when engagement is ineffective and the severity of the impacts warrants it. The Commission mandate's question of "placing greater emphasis on ownership activities" should therefore be understood as a question of systematisation and quality, not a shift away from divestment. At the same time, there are significant limitations to ownership practices in many contexts, given factors such as companies' room for manoeuvre and business models.

The principles for how ownership and divestment should be combined are already clearly defined in the UNGPs/OECD framework. Assessments should be based on the severity of impacts and the ability to exercise leverage, and measures should be escalated in line with risk.

#### **A common misunderstanding in the debate on exclusions**

The claim in the Norwegian debate that ethical exclusions have no effect or merely result in lost returns is based on a misunderstanding of what responsible investment entails. This perspective assumes that the investor's sole objective is to maximise financial returns. It overlooks that the UNGPs and OECD framework imply an independent responsibility on investors to prevent, mitigate and, where necessary, cease their involvement in serious breaches of human rights, international humanitarian law and other fundamental norms.

With ownership comes responsibility: where leverage is not possible, or where the risks are so severe that continued ownership cannot be justified, the investor should either consider divesting or transparently explain why the investment is maintained and what measures are being taken. Exclusion is therefore not symbolic but can be a necessary measure to consider to ensure that investors do not remain directly linked to conduct that breaches international law and standards.

The relationship between ethical and responsible business conduct and financial performance is complex and can move in different directions. Arguments that ethical exclusions amount to "self-harm" for investors often overlook that, for investors with a long-term horizon, responsible business conduct is a foundation for stable societies and well-functioning markets, which are essential for preserving value over time. Even in the shorter term, corporate practices that violate fundamental norms may result in lower returns at the individual company level. NBIM's own data on the effects of ESG risk-based divestments may point in this direction. A study conducted by UNDP, based on data from 235 global companies, also indicates a possible positive financial effect for companies that can demonstrate robust management of human rights-related risks.<sup>27</sup>

At the same time, it is important to underline that responsible business conduct in line with international norms and standards is a fundamental expectation that exists independently of considerations of profitability and returns. The basic norm that business activity should not cause or contribute to serious harm to people, the environment or society – and that there are limits to what it is acceptable to profit from – is also a core value in Norwegian society, which formed the basis for the GPF's ethical framework. A survey conducted by civil society organisations in 2026 indicates that a majority of the population would accept lower returns for the GPF if it helps to avoid human rights abuses. According to the survey, this view cuts across party-political preferences.<sup>28</sup>

## Transparency

The UNGPs and the OECD Guidelines expect transparency regarding assessments and measures. At the same time, they allow for flexibility in challenging situations where full transparency may undermine the effectiveness of ownership exercise or expose affected groups to risk.

The key point is that communication should reinforce, not undermine, the objective of reducing harm to people and the environment. In cases of exclusion, it is generally considered good practice to be open about the rationale, as this can also enable other investors to benefit from information about identified issues and how they have been addressed. At the same time, discretion may in certain cases be necessary, provided the investor can document that due diligence has been carried out.

For very large investors such as the GPF, this entails a particular balance: safeguarding transparency considerations while taking into account that market impact, price movements and legal risk may require limited visibility prior to divestment being executed. After a decision has been made, the timing and form of disclosure should be carefully considered. The Council on Ethics, as an independent body, can contribute to transparency in areas where Norges Bank has less room for manoeuvre. The publication of the Council on Ethics' recommendations has provided significant insight into how individual companies are assessed in light of the GPF's ethical guidelines. This in itself represents an important operationalisation of the principle of transparency. The experience illustrates the role that an independent expert body can play as a complement to the investment manager's own processes.

The UNGPs and OECD framework provides clear principles for communication, while also allowing for pragmatic solutions, provided that the investor can demonstrate that assessments and measures have been carried out and that considerations of responsibility and affected stakeholders have been taken into account.

### Are some investments “crucial” for index-oriented management?

The UNGPs and OECD framework acknowledges that certain business relationships may be “crucial” where an enterprise depends on an actor that provides indispensable products or services without realistic alternatives. In such cases, terminating the business relationship may be practically difficult, but this does not exempt the enterprise from responsibility. Where serious human rights abuses are present and cannot be influenced in a positive direction, the severity of the impacts must be given significant weight. The enterprise should then be able to document continuous efforts to reduce harm, and be aware that continued involvement may lead to reputational, financial or legal consequences.

The OECD guidance for institutional investors points out that individual companies will generally not be “crucial” for an investor's portfolio, but that this may be relevant for certain investment mandates where particular categories of companies are necessary for portfolio diversification.<sup>29</sup> This does not, however, alter the expectations that follow from the UNGPs and the OECD Guidelines. Severe breaches should be met with escalation, strict expectations and demonstrable efforts to reduce harm.

Arguments suggesting that large technology companies are “crucial” for an index-oriented strategy and therefore should be exempted from responsible investment criteria are not in line with the UNGPs and OECD Guidelines. Constraints in a mandate or index may make

divestment more difficult. However, this does not reduce the responsibility to build and exercise maximum leverage, strengthen due diligence and escalate measures where risks are serious. The UNGPs and OECD Guidelines expect escalation of measures in proportion to the severity of the breaches. There is no basis for treating entire categories of companies as “too large to be held accountable”.

If leverage does not work and serious adverse impacts persist, even index-tracking managers should consider divestment or be clear about the limitations of their mandate. The notion of “crucial” business relationships may add nuance, but never immunity. On the contrary, the more systemically important companies are, the stronger the expectations for due diligence and ownership exercise should be. If anything, the systemic importance of large technology companies strengthens the case for commensurate due diligence and stronger ownership engagement, not exemption. The logic underpinning the UNGPs and OECD Guidelines is not binary (“engage or divest”), but progressive (“identify, prevent, mitigate, remedy, escalate”).<sup>30</sup>

Companies excluded by Norges Bank are routinely removed from the benchmark index set by the Ministry of Finance, to ensure that the exclusions do not affect the requirement to limit large deviations from the index. At the same time, it is unavoidable that the GPFG is assessed publicly based on how its returns compare with the market index. Large deviations will give rise to debate regardless of whether the official benchmark index is adjusted. As a responsible investor, one must be prepared for this and be able to justify the choices made.

### What do the UNGPs and OECD Guidelines say about “exclusion”?

The publication of exclusion lists – with information on which companies are excluded from the “investment universe” on the basis of product- or norm-based criteria – has become a relatively widespread practice among investors committed to responsible investment over the past 20 years.

The UNGPs and the OECD Guidelines do not explicitly use the term “exclusion”. As a starting point, the UNGPs and the OECD Guidelines do not prescribe that sectors, products or geographic areas should be avoided on a general basis. On the contrary, this would only be the case if it is evident that an activity or investment will inevitably cause serious harm to people, the environment or society. What is required is risk-based due diligence for all investments, since companies outside predefined exclusion categories may also be involved in practices that entail serious risks. The discussion around large technology companies illustrates the problem that significant risk factors can fall outside the radar when a sector is considered “low risk” from a sustainability or responsible business conduct perspective. Technology companies have been perceived in financial markets as uncontroversial and have dominated so-called sustainable funds, despite the fact that their business models and value chains may involve very serious impacts on people and society that are not captured by standard sector-based criteria.<sup>31</sup>

Norm- or conduct-based criteria, on the other hand, are often directly anchored in the UNGPs and the OECD Guidelines, or align more closely with their underlying logic. Several investors have further developed such criteria in line with the UNGPs, including through assessments of problematic practices – such as lobbying that undermines climate legislation – as well as indicators and “red flags” for high-risk business models.<sup>32</sup>

In all cases, the UN has clarified that under the UNGPs, where an investment is directly linked to serious harm to people and the investor fails to exercise influence over the situation, divestment should be considered.<sup>33</sup> In the OECD guidance for institutional investors, it is

specified that in an investment context, divestment may include “exclusion” of companies. “Exclusion” in the narrow sense, understood as formal listing, is not a requirement under the UNGPs and the OECD Guidelines, even in situations where responsible investors decide to divest. Nevertheless, public disclosure of divestment will normally be good practice, as risk assessments and measures to address serious harm to people, the environment and society associated with investments should be communicated externally. Visibility around exclusion and its rationale can generate important learning effects, contribute to consistency among responsible investors, and send clear signals both to the company concerned and to the market more broadly.<sup>34</sup>

### “Direct linkage” and responsibility – regardless of investment strategy

Investors and asset managers often refer to limited ownership or passive management as a basis for reduced responsibility. Such an approach is not consistent with the UNGPs and the OECD Guidelines, which establish that:

- Direct linkage exists in most investment relationships where portfolio companies are involved in serious adverse impacts on people, the environment or society.
- Such direct linkage triggers a responsibility to build and use all available leverage to prevent harm or address identified actual harm.
- For passive management, the responsibility applies equally, but the means may differ, including influencing external managers, engaging with index providers, public communication, cooperation in investor groups, and exercising voting rights associated with shareholdings.

“Tracking the index” does not provide any exemption from responsibility under the UNGPs and the OECD Guidelines.<sup>35</sup> There is no safe harbour for funds or investors that merely track an index.

For index-oriented and index funds as well, the UNGPs and OECD Guidelines imply that divestment of individual companies should be considered where circumstances warrant it. The severity of identified impacts is a particularly central factor. Although in practice it may be a long way forward to divestment for passive managers, it should nevertheless be considered in serious cases. Where index mandates constrain room for manoeuvre, passive managers should be transparent about this and explore different avenues of influence. Individual investors and managers will generally have limited influence over index providers, as this is a systemic challenge affecting responsible investors broadly. This makes cooperation between multiple actors necessary, including to exert pressure on index providers to exclude companies involved in serious breaches of international standards.

### How to strengthen leverage when needed to ensure responsible investment

Although there may in practice be limits to the degree of influence investors have over the behaviour of portfolio companies, the level of actual leverage does not determine the investor’s responsibility. Under the UNGPs and the OECD Guidelines, the key expectation is that investors carry out due diligence and use the leverage they do have in a targeted and effective manner.

Where portfolio companies are involved in adverse impacts on people, the environment and society – or serious risks of such impacts – without demonstrating sufficient willingness to address the situation, it will often be necessary to strengthen leverage. Guidance from the UN and the OECD points to a combination of complementary strategies:

- Cooperation with other investors
  - o Participation in coalitions, alliances and thematic initiatives
- Capital allocation decisions, for example refraining from rolling over debt at maturity, which represents a concrete tool for responsible investors in fixed income markets
- Use of coordinated instruments such as joint letters, shareholder proposals, resolutions and coordinated meetings with portfolio companies
- Active and consistent voting
  - o Using voting rights strategically, based on decision frameworks for shareholder proposals related to responsible business conduct and anchored in the UNGPs and OECD Guidelines
  - o Supporting proposals that promote due diligence, stronger corporate governance and improved work on environmental and human rights issues
  - o Voting against boards and management in cases of serious misconduct or lack of response
- Requirements in agreements
  - o Setting contractual requirements for external managers and data providers
  - o Establishing requirements for reporting, data access and clear consequences for non-compliance
- Requirements directed at boards and management of portfolio companies
  - o Requesting board members with relevant expertise in responsible business conduct
  - o Requiring improved reporting, governance, risk monitoring and effective whistleblowing mechanisms
- Dialogue with authorities and standard setters
  - o Contributing to the development of regulation, reporting frameworks and ESG standards, with the explicit aim of alignment with the UNGPs and the OECD Guidelines
  - o Working to improve index and data providers in line with the UNGPs and OECD Guidelines, particularly in light of persistent weaknesses in the market for available, reliable and decision-useful company data<sup>36</sup>

Even a fund as large as the GPFG will face many of the same structural constraints as other investors when operationalising responsible investment. As a state-owned fund, the room for action may be further affected by diplomatic and political relationships, with greater exposure to the risk of retaliation or political consequences, directly or indirectly. U.S. reactions following the exclusion of Caterpillar provide one of the clearest illustrations of this risk in the GPFG's history. Despite such constraints and risk factors, there is still room for manoeuvre for responsible investors and managers. In particular, when large investors act in coordination and are firmly anchored in international standards, the dynamics can shift and the risk of individual investors being exposed to costly confrontation can be reduced.

### Value chain-related assessments

The mandate of the Gjedrem Committee asks it to consider to what extent companies supplying products and services in a value chain can be regarded as contributing to breaches of norms, including whether a distinction should be made between products with a single intended use and so-called "dual-use" products, meaning technology, equipment or knowledge that can be used for both civilian and military purposes, such as drones, chemicals or encryption software.

The UNGPs and OECD Guidelines provide a clear framework for how such issues should be assessed in an investment context. The decisive factor is not whether a product has legitimate civilian uses, but whether there is an actual or potential linkage to serious harm to people or the environment. Investors should assess whether goods, services or technology are directly linked to actions that breach international standards, including serious breaches of human rights and international humanitarian law.

Over time, direct linkage may evolve into contribution if the risk is known, or should have been known, and the company fails to take adequate measures. This is particularly relevant in cases involving systematic and very serious impacts. For “dual-use” products, this means that responsibility does not fall away simply because the product also has legitimate applications. Due diligence should be continuous, risk-based and proportionate to the severity of the impacts.

The Gjedrem Committee has also been asked to assess whether weight should be given to the share of a company’s activities that can be linked to breaches of norms. However, introducing percentage thresholds to delimit responsibility would be incompatible with the UNGPs and the OECD Guidelines. Responsibility is triggered by linkage to serious harm – through causing, contributing or being directly linked – and by severity, not by the proportion of business activities involved.

**Severe breaches of international law and norms do not become less serious because they represent a limited share of a company’s overall activities.** While there may, in specific cases of direct linkage via goods or services, be elements of proportionality, such cases must be assessed individually and on principled basis against criteria such as severity, how decisive or substantial the deliveries are in enabling harm, and whether they concern severe impacts over a prolonged period that are known or should have been foreseeable.

### [The need for heightened due diligence when investments are linked to conflict-affected areas](#)

The UNGPs establish that businesses are expected to respect international humanitarian law in situations of armed conflict.

International human rights law and humanitarian law are related but distinct bodies of law. The UNGPs explicitly refer to humanitarian law as the specialised legal framework applicable in both international and non-international armed conflicts, as well as in situations of military occupation, defined as situations where a state exercises effective control over a territory without consent and without sovereignty.

The UNGPs and the OECD Guidelines do not set out a separate due diligence standard for conflict-affected areas but are based on a clear principle of proportionality: the higher the risk of severe human rights abuses, the more comprehensive the due diligence should be. Because the risk of grave and systematic human rights abuses and violations of humanitarian law is particularly high in situations of conflict and occupation, both state measures and business due diligence processes are expected to be correspondingly strengthened. The UN Working Group on Business and Human Rights and UNDP have therefore developed extensive guidance on heightened due diligence in conflict-affected areas.<sup>37</sup> This UN guidance is also aligned with OECD guidance on responsible business conduct in such contexts.<sup>38</sup>

Existing guidance has primarily been directed at companies operating in conflict zones. At the same time, dedicated UN guidance for institutional investors is under development, with publication expected in 2026.

Under the UNGPs and the OECD Guidelines, institutional investors, like other business actors, have a particular responsibility to address severe adverse impacts they are or may be linked to in conflict contexts. The logic is straightforward: it is precisely in these contexts that the most serious violations of international norms and standards typically occur. Heightened due diligence entails enhanced attention and action to identify, prevent, mitigate and account for how investments may be linked to serious human rights abuses and conflict dynamics.

At the core of the UNGPs is a clear principle: investors and asset managers should prioritise the most severe impacts on people in their due diligence, which in conflict situations may include links to potential war crimes and crimes against humanity. Where businesses are linked to serious adverse impacts, investors are expected to actively use and build leverage vis-à-vis the companies. At the same time, the more severe the impact, the more rapidly change must be demonstrated before divestment is considered. The more serious the situation, the more quickly divestment should be considered if effective leverage is not realistic. A common pitfall is to wait too long before taking action. Alternatively, inaction or failure to escalate can lead to further exposure. Responsible risk management therefore implies either rapid escalation of ownership engagement or a decision to divest. Failure to identify and address such risks is considered a breach of responsible investment practice.

The UNGPs and OECD Guidelines also expect transparency regarding assessments and measures, while considerations for affected stakeholders and sensitive information may justify limited disclosure in some situations.

A key point is that divestment does not terminate responsibility. Where an investor or business may be considered to have contributed to serious breaches of international standards, the responsibility involves contributing to remedy. Even in situations where the investor's involvement is limited to direct linkage through the investment, the UNGPs and OECD Guidelines create expectations to consider responsibility for past harms. Criticism of Aker BP for insufficient due diligence in connection with the acquisition of Swedish oil company Lundin illustrates this logic, considering the criminal case related to Lundin's past operations in South Sudan and allegations of complicity in war crimes.<sup>39</sup>

For the GPF, this means that no portfolio companies can be exempt from heightened due diligence, including companies included in the benchmark index set by the Ministry of Finance. NBIM and the Council on Ethics should therefore have mechanisms to quickly identify exposure to conflict, review the portfolio to identify investments that should be subject to heightened due diligence when conflict threatens or emerges, prioritise deeper assessments of companies with potential links to parties to the conflict, and escalate ownership activities without delay. If dialogue and influence do not produce results and involvement in severe impacts persist, the UNGPs and OECD Guidelines imply that divestment should be considered – earlier rather than later. This is necessary both to address severe human rights abuses and to protect the Fund from significant reputational, financial and legal risks. Remaining invested in companies linked to very serious breaches of international human rights or humanitarian law without appropriate action will not be consistent with responsible business conduct.

As also noted in the mandate of the Gjedrem Committee, it is crucial that Norges Bank and the Council on Ethics exercise heightened due diligence and rapid response in all future conflict situations. This follows directly from the UNGPs and OECD Guidelines.

### **3. GPFG in light of responsible investment practices among other asset managers**

The GPFG's ethical guidelines and its practice of taking human rights and environmental considerations into account in its investments have served as an international point of reference. Other sovereign wealth funds, pension funds, and institutional investors around the world have closely followed the Fund's decisions. The suspension of the guidelines for exclusion and observation therefore raises particular concern among observers. The UN Working Group on Business and Human Rights has expressed concern about the signalling effect of putting ethical exclusions on hold, and that this may undermine broader progress on investor responsibility in line with the UNGPs.<sup>40</sup>

The suspension of the guidelines has also had consequences for other parts of the Norwegian financial sector. The Fund's size and standing have often been an important factor in others' responsible investment practices, not least in dialogue with investee companies and external managers. Many private Norwegian asset managers and investment advisors have also explicitly based their own guidelines and due diligence on the exclusion list and the Council on Ethics' recommendations. In practice, several have equated the Council on Ethics' recommendations with their own due diligence. If this reference framework disappears, an important substantive and practical framework falls away for many market participants. However, this does not relieve other investors and managers of their independent responsibility to carry out their own due diligence, and regardless of the outcome for the future ethical framework of the GPFG, private actors should strengthen their practices in line with the UNGPs and the OECD Guidelines.

While the GPFG and the Council on Ethics have been important reference points, other managers have gone further in implementing international standards in their investments. A natural comparison here is other major Norwegian institutional investors and pension fund managers such as KLP and Storebrand, which operate under equally strict return requirements. Although they manage significantly smaller portfolios, the comparison is nevertheless relevant for several reasons. As pension managers with a largely overlapping global investment universe and global indices, they are subject to equally strict market considerations (if not stricter, given that they compete in the private sector), such as diversification, the risk-return trade-off, and ownership stakes. Like other major Norwegian asset managers, they have explicit commitments to follow the UNGPs and the OECD Guidelines and have responsible investment policies reflecting a broad consensus in the Norwegian market. They are characterised by a clear approach to due diligence in line with the UNGPs and OECD frameworks, robust application of due diligence, including identification and mapping of risk, mitigating risk through engagement, voting and escalation, exclusion, and transparency regarding their exclusions including identification and assessment of risk and risk mitigation through company dialogue, voting and escalation, as well as exclusion and transparency about their exclusions. For example, KLP and Storebrand have communicated openly about their handling of companies linked to Gaza and occupied territories.<sup>41</sup>

The comparison is also relevant because the exclusion and observation guidelines largely mirror the GPFG’s previous guidelines, while these private managers go further in their application. Storebrand’s product-based criteria for observation and exclusion largely correspond to those previously applied by the GPFG: companies that produce or distribute controversial weapons, or that derive significant revenues from tobacco, recreational cannabis, coal or oil sands. The conduct-based exclusion criteria likewise largely mirror those of the GPFG: exclusion of companies that contribute to serious and systematic violations of international law and human rights or international humanitarian law, are involved in systematic corruption or financial crime, or are responsible for severe environmental damage. In addition, Storebrand excludes companies that are based on certain unsustainable business practices, such as, but not limited to, deep sea mining, and companies that deliberately and systematically counteract the objectives and targets laid down in the Paris Agreement or the Global Biodiversity Framework. Storebrand does not invest in “government bonds or companies that are state-controlled, whether formally or in practice (from states excluded under the sovereign bond criteria).”<sup>42</sup> KLP’s criteria also largely mirror the GPFG’s previous guidelines, with exclusions based on similar conduct-based and product-based criteria. A commitment is emphasised to “due diligence in investments,” and that “due diligence-based divestment decisions may be made where there is an unacceptable risk of contributing” to breaches.<sup>43</sup>

Compared with the practices of KLP and Storebrand, the GPFG’s exclusion practice appears moderate, and fears that the GPFG would exclude “too many companies” seem overstated. At the end of 2025, Storebrand had 414 companies on its exclusion list, of which 90 were for norm-based violations and 53 for controversial weapons. Six companies were excluded due to lobbying activities that undermine international climate efforts.<sup>44</sup> KLP had 821 excluded companies (including the GPFG’s list, which KLP follows, like many other Norwegian asset managers and funds), including 215 for norm-based violations and 46 for controversial weapons.<sup>45</sup> The balance between return and responsibility is explicitly emphasised: “We will not achieve financial returns at any cost. If a company does not demonstrate capacity for change and improvement, exclusion is a last resort.”<sup>46</sup>

By comparison, the GPFG had around 200 companies on its list as of November 2025 (approximately 180 excluded and 20 under observation), the majority of which were product-based exclusions related to coal, tobacco, and nuclear weapons.<sup>47</sup> In the norm-based categories – particularly human rights and international law in conflict-affected areas – the GPFG’s list is significantly shorter than that of the private managers operating under the same return considerations.

An interesting example of a principles-based approach to exclusion is the method applied by one asset manager: the decision-making body considers questions of potential exclusion without knowing either the company’s name or the size of the investment. Decision-makers are presented only with the facts concerning the identified breach, the follow-up actions taken, and the company’s response. Such an arrangement can enhance the credibility of commitments to responsible investment based on international principles and standards, particularly in response to allegations that investment decisions are influenced by “politics.”

## **4. Obligations under international law for the Norwegian state as a capital owner**

The Norwegian state has an independent obligation under international law, which reinforces Norges Bank's and NBIM's responsibility to manage the GPFG in line with the UNGPs and the OECD Guidelines.

Due to the length and scope of this report, it is not possible to provide an exhaustive review of international legal issues related to Norway's investments. Instead, only a brief overview of selected key points is provided, particularly related to the UNGPs, which clarify how existing human rights conventions and international law apply in the context of business impacts on human rights.

In brief:

- The UNGPs clarify existing international human rights obligations of states in a business context. They clearly state that the state's duty to protect human rights also encompasses its role as an economic actor. This includes the state as an investor and state-owned investment funds.<sup>48</sup> In this regard, the Norwegian state has a duty to ensure that the GPFG's mandate is fully consistent with Norway's international obligations and that the Fund is managed in a manner that respects international human rights. The UNGPs further provide that the state should take the necessary steps to ensure that state-owned and state-controlled enterprises – including NBIM – carry out enhanced due diligence where relevant. This has also been highlighted by other UN bodies. For example, in 2020, the UN Committee on Economic, Social and Cultural Rights (which monitors states' implementation of the Covenant) urged Norwegian authorities to ensure that the ethical guidelines on observation and exclusion from the GPFG are consistent with the state's territorial and extraterritorial obligations under the Covenant.<sup>49</sup>
- Norway is further bound by international humanitarian law, which imposes on states a duty to prevent violations of rules protecting civilians in situations of armed conflict and occupation. In such contexts, it is also relevant to consider the Genocide Convention and jurisprudence from the International Court of Justice, including the obligation of third parties not to aid or assist internationally wrongful acts.<sup>50</sup>
- Norway has explicitly committed to follow and promote the UNGPs and the OECD Guidelines. This entails, among other things, that the state must ensure that the GPFG's actual management are consistent with these frameworks, which are grounded in and clarify what existing international norms and standards require in a business context.

## **5. Implications of the UNGPs and the OECD framework for the respective responsibilities and roles of the GPFG and the Council on Ethics**

### UNGPs and the OECD Guidelines as a principled foundation

The management of the GPFG is already committed to the UNGPs and the OECD Guidelines through the mandate from the Ministry of Finance and Norges Bank's principles for responsible investment management. Building on this and ensuring implementation in

practice will anchor responsible investment in the core international standard – a widely recognised and principled foundation designed to stand the test of time.

There is no need to “reinvent the wheel” or develop uniquely Norwegian criteria. Norges Bank itself has emphasised: “It is important for the Fund’s legitimacy in the markets in which we operate that the Bank’s work on responsible investment is based on internationally recognised principles and standards. One advantage of using international principles and standards is that their application should be the same regardless of whether NBIM’s managers are located in Norway, at foreign offices, or in countries where external managers are used.”<sup>51</sup>

At the same time, there is a clear risk that this principled foundation could be weakened. The mandate of the Gjedrem Committee asks whether Norges Bank should take security policy considerations into account in the assessment of weapons companies and consider Norway’s “broader interests” when evaluating ethical issues. Such a shift would break with the UNGPs and OECD frameworks, which are specifically designed to shield assessments of corporate conduct from shifting political priorities. Assessments related to responsible investment and responsible asset management should be based in principle on international standards and remain free from political considerations. If final decisions reflect other considerations, communication about them should clearly explain the assessments made regarding impacts on people, the environment and society, and which other considerations may have overridden these.

Opening for foreign policy considerations in cases falling under the ethical framework risks undermining its normative foundation – namely, to assess companies based on their impacts on people and the environment. For NBIM, this would weaken its credibility as a principled and politically independent investor, and increase the risk that the GPFG is perceived and used as a foreign policy instrument. A politicised approach also makes the Fund even more vulnerable to pressure, retaliation and geopolitical expectations.

A related question in the mandate concerns whether company assessments should differ based on home country or security policy alignment. This would also be incompatible with the UNGPs and the OECD Guidelines. Norway’s National Contact Point for Responsible Business Conduct emphasises this in its input to the Gjedrem Committee: “It is important that the ethical framework remains principled and based on international law. Criteria must apply equally to companies in allied and non-allied countries alike. Nor should distinctions be made between countries with which Norway does or does not have a security policy partnership. The ethical guidelines are designed to separate the state’s security policy from the Fund’s investment decisions. This separation should be maintained in the future. The UNGPs and the OECD Guidelines are politically and geographically neutral. Geographic or other differentiation based on security policy or other considerations would entail a politicisation of the Fund and may weaken its position. Allowing for exceptions – whether justified by deterrence, country affiliation or other security policy or geographic considerations – would create undesirable politicisation of asset management.”<sup>52</sup>

A risk-based approach based on the severity of actual or potential impacts on people, the environment and society is the guiding principle under the UNGPs and the OECD Guidelines. Introducing differentiation between companies from different regions and other foreign policy considerations would entail politicisation, weaken consistency and undermine the Fund’s credibility. In a polarised global context where powerful actors challenge international

norms, a large investor such as the GPFG can never be fully shielded from accusations of “political” decisions – even where these are based on international principles. However, selective implementation and inconsistency in applying principles will further increase the risk of such pressure.

### Implications of the UNGPs and the OECD Guidelines for the management mandate set by the Norwegian state

The challenge is not primarily a lack of frameworks, but the need for stronger anchoring and practical implementation – both of the state’s responsibility as asset owner and NBIM’s responsibility as asset manager. The mandate should therefore more clearly state that responsible investment in line with the UNGPs and the OECD Guidelines is an integral part of NBIM’s task of securing *long-term* financial returns at acceptable risk. The UNGPs and the OECD Guidelines are based on the premise that an asset manager can focus on its core task of creating and preserving financial value, while also ensuring responsibility for avoiding harm to people, the environment and society. In some cases, these considerations will pull in different directions, as illustrated in the debate on the ethical framework. The balance between financial considerations and responsibility in line with international standards must therefore be acknowledged. It should be recognised that implementation may, in some cases, require measures that lead to deviations from the benchmark index beyond the defined threshold.

A clearer anchoring in the central international standards can be achieved by framing the guidelines for the GPFG as “guidelines for responsible investment” and specifying at the outset that they are based on the core international framework defined by the UNGPs and the OECD Guidelines.

The UNGPs and the OECD Guidelines imply that the mandate must clarify NBIM’s own responsibility – independently of the Council on Ethics – to carry out due diligence on risks to people, the environment and society both prior to investments and on an ongoing basis across the entire portfolio. This applies both in connection with investment decisions and throughout the investment period. Clarification that allows for risk-based divestment decisions grounded in human rights and environmental considerations, in addition to financial assessments, would also bring the mandate more closely in line with the UNGPs and the OECD Guidelines.

Furthermore, it must be clear that active ownership should be used systematically to address breaches and risks related to human rights, international humanitarian law, labour standards, climate, environmental and anti-corruption issues. Efforts must be prioritised based on severity, and divestment should be considered where engagement fails. At the same time, the mandate can clarify that international standards emphasise collective action and cooperation with other responsible investors who share an interest in ensuring stable markets and societies over the long term. This can strengthen leverage, provide better protection against political risks and reduce financial risks that may arise from principled decisions.

The Council on Ethics also serves an important function for the GPFG’s due diligence and transparency in line with the UNGPs and the OECD Guidelines. At the same time, there has in practice been an artificial gap in risk management and follow-up, with the UNGPs and the OECD Guidelines being referenced in GPFG’s responsible investment mandate, while the Council on Ethics does not apply them in its practice. Anchoring the Council on Ethics more

explicitly in the UNGPs and the OECD Guidelines should therefore be considered. The UNGPs and the OECD Guidelines emphasise that assessments of adverse impacts on people and the environment, as well as appropriate measures, should be supported by relevant independent expertise or input from affected stakeholders. The architecture for responsible investment would also be strengthened by explicitly assigning the Council on Ethics a role as an independent second line of defense to monitor investments and ensure that management follows international standards. Clarifying the Council's role as an independent institution based on international standards and principles under the UNGPs and the OECD Guidelines in its exclusion recommendations would also strengthen protection against allegations of politicisation.

### Implications for the Council on Ethics

Clarifying the Council on Ethics' independent role in line with the UNGPs and the OECD Guidelines<sup>53</sup> would entail an explicit mandate to monitor the portfolio, conduct investigations on its own initiative when there is credible information about serious norm breaches, and provide advice to NBIM on both ownership exercise and potential divestment – particularly in complex cases or where standard company engagement does not produce results. Closer alignment with the UNGPs and the OECD Guidelines would also imply that the threshold for assessing breaches of the guidelines is more clearly based on a risk-based approach. This means using credible information about companies' risk mitigation measures as starting point, rather than “proof” of complicity or contribution to norm breaches.

Continuing the publication of company assessments would be good practice in line with international standards and an important contribution to promoting responsible business conduct and responsible investment.

Robust due diligence also entails broader thematic analyses of emerging risk areas for the Fund, such as the social risk dimensions of AI and the increasing global race for critical minerals. It also includes developing an analytical basis that can strengthen the GPF's active ownership and expectations of portfolio companies in line with the UNGPs and the OECD Guidelines, particularly in sectors and value chains with heightened risks for people, the environment and society.<sup>54</sup> This can contribute to more coherent processes, where risk assessment, active ownership and potential divestment are not treated as separate measures but as integrated phases within a single continuum.

The legitimacy and expert role of the Council can be further strengthened by expanding its membership to include individuals with backgrounds in responsible business conduct and human rights, including international expertise.

### Overall reflections: Principled pragmatism in turbulent waters

A period marked by geopolitical instability, growing social and environmental crises, and a complex global transition calls for strengthened – not weakened – responsibility, anchored in recognised international principles, to safeguard investments over the long term.

The recognition of responsibility as a foundation for a long-term investor is already embedded in NBIM's principles for responsible investment management. It is emphasized that: “The fund's long-term return depends on sustainable economic, environmental and social development, as well as on well-functioning, legitimate and efficient markets. Responsible investment management will support the objective of the fund by furthering the long-term economic performance of our investments and reducing financial risks associated

with the environmental, social and governance practices of companies in which we have invested.”<sup>55</sup>

The UNGPs and the OECD Guidelines were developed precisely as durable principles for managing risk and adverse impacts of business activities on people, the environment and society in an imperfect world. At their most severe, such conditions can undermine economic stability, well-functioning societies and, ultimately, the value of investments. The common framework for due diligence is intended as a practical tool for companies and investors, combining pragmatic approaches with the strongest and most widely recognised normative foundation internationally.

The UNGPs build on the fundamental idea of “principled pragmatism” – that responsible practice must be exercised in a world characterised by uneven power relations, where fundamental international norms are often challenged or disregarded by powerful actors. The same perspective was highlighted by Canada’s Prime Minister Mark Carney in his speech at the World Economic Forum in January 2026, which received considerable attention:<sup>56</sup> the only viable path for the majority of the world’s countries is to respect and support fundamental international norms, while recognising and addressing the forces that undermine a rules-based global order. Translated into the context of responsible investment, this means that investors should support international standards, while cooperation among the actors backing these standards should be strengthened.

A clearer anchoring of the GPFG’s management in the most central and widely recognised international frameworks will therefore constitute the Fund’s best form of insurance in turbulent times. Concretely, responsible investment based on the UNGPs and the OECD Guidelines will help meet several key considerations:

- Norway’s self-interest as a small state in supporting a rules-based international order grounded in international law and the rule of law, in both the short and long term.
- The Norwegian state’s responsibilities and obligations under international law, both as an asset owner and as a regulator, to promote responsible investment in line with fundamental international norms.
- Strengthening the ability of political decision-makers to uphold a responsible and principled management of the Fund, through anchoring in international principles that make them better positioned to resist external political pressure and reduce the risk that Norway and the GPFG are perceived as accommodating towards states and actors that do not respect international law.
- Stronger protection against accusations of “politicisation”, by clearly anchoring responsible investment management in the most central international principles with broad recognition among businesses and investors, even though in a polarised landscape it is not possible to fully eliminate such accusations.
- Enhanced credibility for the Norwegian state and NBIM as a responsible investor, where credible implementation will be crucial, including when media and observers outside Norway focus on the increase in financial wealth while the rest of the world is marked by war and conflict.<sup>57</sup>
- Improved long-term risk management for NBIM as an asset manager, through systematic identification and management of actual and potential impacts on people

and the environment that may undermine market stability and investment value over time.

- A broader and more robust foundation for NBIM's fiduciary duty, safeguarding the interests of the owners – the Norwegian population – both in terms of achieving the highest possible return at acceptable risk and in avoiding investments connected with serious harm to people, the environment and society, now and in the future.
- Confidence among the owners that the nation's wealth is managed in a way that respects universal norms, prevents serious harm to people, the environment and society, and at the same time seeks the highest possible return within the framework of prudent risk-taking and responsibility.

## Endnotes and references

<sup>1</sup> Section 4-2 (“Principles for responsible investment management”), paragraph 3, of the mandate establishes that the activities of the Government Pension Fund Global shall, among other things, be in line with “internationally recognised principles and standards such as [...] the UN Guiding Principles on Business and Human Rights (UNGPs)” and the “OECD Guidelines.” In the Storting’s consideration of the recommendation from the Standing Committee on Finance on the Government Pension Fund 2025 (Innst. 463 S (2024–2025)), a majority in the Storting in June 2025 affirmed that responsible management of the GPFG shall be based on internationally recognised principles and standards such as the UNGPs and the OECD Guidelines, as already embedded in the mandate. At the same time, the parliamentary majority voted against two proposals intended to ensure closer alignment by requesting that the government ensure that “the OECD and UN guidelines for responsible business conduct shall apply to the Council on Ethics’ recommendations on exclusion,” and “ensure that the OECD and UN guidelines for responsible business conduct shall apply to the Council on Ethics’ recommendations on exclusion.”

<sup>2</sup> The exclusion of Walmart was lifted in 2019.

<sup>3</sup> <https://files.nettsteder.regjeringen.no/wpuploads01/blogs.dir/275/files/2017/02/Tilr%C3%A5dning-Elbit.pdf>

<sup>4</sup> <https://www.regjeringen.no/no/aktuelt/ber-om-ny-gjennomgang-av-pensjonsfondets-investeringer-i-israelske-selskaper/id3115362/>

<sup>5</sup> For example, from Chinese authorities, <https://www.france24.com/en/live-news/20220309-china-slams-norway-state-fund-over-xinjiang-forced-labour-fears>

<sup>6</sup> <https://www.regjeringen.no/no/aktuelt/redegjorelse-i-stortinget-23.-oktober/id3126748/>

<sup>7</sup> <https://www.regjeringen.no/no/dokumenter/midlertidige-etiske-retningslinjer-for-statens-pensjonsfond-utland/id3138527/>

<sup>8</sup> <https://www.finansavisen.no/politikk/2026/03/27/8339923/stoltenberg-far-kjeft-av-fn-med-god-grunn;>  
<https://www.aftenposten.no/norge/politikk/i/wrrAqN/fn-reagerer-paa-at-oljefondets-etikkraad-er-satt-paa-pause-faar-alvorlige-foelger-utenfor-landets-foelger>

<sup>9</sup> <https://www.nbim.no/no/ansvarlig-forvaltning/nedsalg-av-selskaper/>

<sup>10</sup> See <https://www.stortinget.no/globalassets/pdf/innstillinger/stortinget/2024-2025/inns-202425-463s.pdf>.

<sup>11</sup> For the ongoing work among investors to develop a framework for responsible defence investments that integrates international humanitarian law, international agreements, and due diligence, including the growing role of technology companies in the defence sector, see “Guidance for Responsible Investment in Defence”, <https://eiriscrn.net/grid/>. This work will be highly relevant for GPFG’s future guidelines. See also «Briefing: Weapons, Dual Use tech and Financial Institutions», Shift, <https://shiftproject.org/resource/briefing-weapons-dual-use-tech-and-financial-institutions/>.

<sup>12</sup> <https://www.nbim.no/no/nyheter-og-innsikt/rapporter/2025/ansvarlig-forvaltning-2025/>

<sup>13</sup> John Ruggie, *Just Business*. John Ruggie was the UN Secretary-General’s Special Representative and led the process to develop the UNGPs.

<sup>14</sup> <https://www.ohchr.org/en/special-procedures/wg-business/stocktaking-10th-anniversary-ungps#Solberg>

<sup>15</sup> UN document A/HRC/32/45; FN-rapport A/HRC/47/39/Add.2.

<sup>16</sup> Aftenposten, “FN kritiserer Norge for å sette Oljefondets etikkråd på pause”, <https://www.aftenposten.no/norge/politikk/i/wrrAqN/fn-reagerer-paa-at-oljefondets-etikkraad-er-satt-paa-pause-faar-alvorlige-foelger-utenfor-landets-foelger>

<sup>17</sup> <https://files.nettsteder.regjeringen.no/wpuploads01/sites/597/2025/08/Ti-banebrytende-klagesaker.pdf>

<sup>18</sup> <https://www.nrk.no/okonomi/ber-om-a-fa-slippe-etikkregler-1.11113059>

<sup>19</sup> OECD (2017), Responsible business conduct for institutional investors

<sup>20</sup> UNGP 14 clarifies that responsibility applies regardless of ownership and structure. The commentary to UNGP 13 further specifies that business relationships encompass the entire value chain, not only the first tier. The OHCHR interpretive guide (HR/PUB/12/02, 2012, p. XVII) states that a company cannot contract out of its responsibility to respect human rights. UN Special Representative John Ruggie’s 2008 framework report (A/HRC/8/5, para. 13) identified the use of subsidiary structures and outsourcing as factors that make it “exceedingly difficult to hold the extended enterprise accountable for human rights harm” – precisely the accountability gap that the UNGPs’ concept of business relationships is intended to address.

<sup>21</sup> This is further specified, together with a more concrete articulation of what the frameworks imply for responsible asset management, in leading UN and OECD guidance. Two key references are the UN Working Group’s 2021 stocktaking of institutional investors’ implementation of the UNGPs (A/HRC/47/39/Add.2) and the OECD’s 2017 guidance for institutional investors on due diligence under the OECD Guidelines.

<sup>22</sup> Two of the most widely used data providers, MSCI and Morningstar/Sustainalytics, do not include information on allegations involving companies in occupied territories (including Palestine).

<sup>23</sup> Responsible Investor, “Investors turning to AI to monitor ESG controversies in-house”; “AI-enhanced risk monitoring”, NBIM annual report on responsible investment 2025.

<sup>24</sup> <https://www.ohchr.org/sites/default/files/Documents/Issues/Business/LetterSOMO.pdf>;

<https://www.ohchr.org/sites/default/files/Documents/Issues/Business/LetterOECD.pdf>;

<https://www.ohchr.org/sites/default/files/Documents/Issues/Business/finance-2021-response-nominee-shareholders.pdf>

<sup>25</sup> [https://media.business-humanrights.org/media/documents/files/documents/Thun\\_Final.pdf](https://media.business-humanrights.org/media/documents/files/documents/Thun_Final.pdf);

<https://www.ohchr.org/sites/default/files/Documents/Issues/Business/InterpretationGuidingPrinciples.pdf>

---

<sup>26</sup> An analysis of exclusions indicates that where multiple institutional investors have followed the GPF, this may have positive effects on company practices: “Investor Alignment in Divestment Decisions and Firm Behavior: Evidence from Publicly Disclosed Exclusion Lists”, <https://ssrn.com/abstract=5255326>.

<sup>27</sup> UNDP (2025), «Human Rights vs. Competitiveness: A False Dilemma?», <https://www.undp.org/publications/human-rights-vs-competitiveness-false-dilemma>.

<sup>28</sup> <https://www.fagforbundet.no/a/389692/om-fagforbundet/solidaritetsprosjekter/aktuelt/stort-flertall-vil-ha-etisk-oljefond/>.

<sup>29</sup> OECD (2017), Responsible business conduct for institutional investors

<sup>30</sup> “Index investors can’t shirk responsibility on big tech, AI and human rights”, <https://www.responsible-investor.com/comment-index-investors-cant-shirk-responsibility-on-big-tech-ai-and-human-rights/>

<sup>31</sup> Examples include links to military applications in conflict and occupation, mass surveillance, undermining democracy and rule of law, and impacts on children’s mental and physical health. See e.g. Shift’s red flags 5, 6, 8, 9, 16, 21, <https://shiftproject.org/resource/business-model-red-flags/menu-of-red-flags/#chapter>.

<sup>32</sup> See “Business model red flags”, Shift, <https://shiftproject.org/resource/business-model-red-flags/red-flags-about/> and “Examples of investor application of red flags”.

<sup>33</sup> <https://www.ohchr.org/sites/default/files/Documents/Issues/Business/LetterSOMO.pdf>

<sup>34</sup> For example, KLP underlines that this is a key reason for transparency about exclusions.

<https://www.klp.no/om-klp/samfunnsansvar/ansvarlig-investor-og-eier/eksklusjoner>.

<sup>35</sup> Given the growing scale of passive investments, this is a significant issue for the financial sector globally, requiring far greater attention from actors seeking to promote responsible investment. It extends well beyond the discussion of the GPF as an “index-oriented” fund, but is highly relevant in this context as well.

<sup>36</sup> See Investor Initiative on Human Rights Data (II-HRD), <https://www.churchofengland.org/media/finance-news/investor-initiative-human-rights-data-ii-hrd-publishes-guidance-assessing-breaches-international>.

<sup>37</sup> UN document A/75/212; <https://www.undp.org/publications/heightened-human-rights-due-diligence-business-conflict-affected-contexts-guide>.

<sup>38</sup> OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

<sup>39</sup> Acquired by Aker BP. The Norwegian OECD National Contact Point concluded that Aker BP did not carry out adequate due diligence in line with the OECD Guidelines in connection with the acquisition.

<https://responsiblebusiness.no/klageordning/klagesaker/klagesaker-behandlet-i-norge/pax-mfl-vs-aker-bp-asa-og-aker-asa/>

<sup>40</sup> Communication from the UN Working Group to Norwegian authorities (March 2026):

<https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gId=30863>

<sup>41</sup> Another example is Odin Forvaltning/SpareBank 1 Forvaltning: <https://odinfond.no/baerekraft/ansvarlige-investeringer-odin-forvaltnings-oppfolging-av-selskaper-med-tilknytning-til-gaza-krigen-og-konflikten-pa-vestbredden/>

<sup>42</sup> <https://www.storebrandam.com/globalassets/storebrand-asset-management/documents/sustainability/exclusion-list/2025/q4-2025-exclusion-list.pdf>. See also Section 3.4 Sovereign bonds and ETFs in Storebrand Asset Management’s Exclusion Policy; [exclusion-policy\\_2026.pdf](https://www.klp.no/om-klp/samfunnsansvar/ansvarlig-investor-og-eier/eksklusjoner)

<sup>43</sup> <https://www.klp.no/om-klp/samfunnsansvar/ansvarlig-investor-og-eier/eksklusjoner>

<sup>44</sup> <https://www.storebrandam.com/globalassets/storebrand-asset-management/documents/sustainability/exclusion-list/2025/q4-2025-exclusion-list.pdf>

<sup>45</sup> Excel file accessible at <https://www.klp.no/om-klp/samfunnsansvar/ansvarlig-investor-og-eier/eksklusjoner>

<sup>46</sup> <https://www.klp.no/om-klp/samfunnsansvar/ansvarlig-investor-og-eier>

<sup>47</sup> <https://www.nbim.no/no/ansvarlig-forvaltning/utelukkelse-av-selskaper/>

<sup>48</sup> See UNGP 4. See also e.g. “Investment at the State-business nexus” in UN document A/HRC/47/39/Add.1.

<sup>49</sup>

[https://tbinternet.ohchr.org/\\_layouts/15/treatybodyexternal/Download.aspx?symbolno=E%2FC.12%2FNOR%2FCO%2F6&Lang=en](https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=E%2FC.12%2FNOR%2FCO%2F6&Lang=en)

<sup>50</sup> The Norwegian government advisory on business in occupied territories provides a relevant example:

<https://www.regjeringen.no/no/aktuelt/regjeringen-frarader-handel-og-naringsvirksomhet-med-israelske-bosettinger/id2929158/>

<sup>51</sup> <https://www.norges-bank.no/aktuelt/nyheter/Brev-og-uttalelser/2025/2025-10-31-hovedstyret/>

<sup>52</sup> <https://files.nettsteder.regjeringen.no/wpuploads01/sites/597/2026/03/Innspill-til-utvalget-etisk-rammeverk-SPU.pdf>

<sup>53</sup> The Council on Ethics’ alignment with the UNGPs has previously been assessed by international experts. Recommendations from the Danish Institute for Human Rights and Shift are referred to in the Council on Ethics’ 2019 annual report, but have not been made public.

<sup>54</sup> An example is the Council on Ethics for the Swedish AP Funds’ expectations document for major technology companies, developed jointly by AP1, AP2, AP3 and AP4: “*Tech Giants and Human Rights – Investor Expectations*.” It sets out explicit investor expectations in line with the UNGPs and addresses a range of issues that have also been raised in the debate in Norway.

<sup>55</sup> <https://www.nbim.no/no/om-oss/om-oljefondet/styringsstrukturen/styrende-dokumenter-fastsatt-av-hovedstyret/prinsipper-for-ansvarlig-forvaltningsvirksomhet-i-norges-bank/>

<sup>56</sup> <https://www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/>

<sup>57</sup> E.g. Financial Times, “Is Norway Really a War Profiteer”, 22 April 2026,

<https://www.ft.com/content/d4fbcdd8-3f62-4253-a9e8-dc16c6135308>