

(Unofficial English translation)

To the Ministry of Finance

May 15, 2007

Recommendation

1 Background

Point 4.4 of the Ethical Guidelines for the Government Pension Fund – Global, states the following: “*The Council shall issue recommendations on negative screening of one or several companies on the basis of production of weapons that through their normal use may violate fundamental humanitarian principles.*” In the Government White Paper on Ethical Guidelines (NOU 22: 2003), and through the subsequent discussion of the Guidelines in the *Storting* (Parliament), cluster munitions were considered as falling within this category of weapons.

Based on the above, the Council, on June 16th, 2005, issued its first recommendation on exclusion from the Fund of companies that produce cluster munitions.¹ A further recommendation was issued on September 6th, 2006.²

The Council has information that two companies in the Fund’s portfolio produce cluster munitions. The Fund’s investments in these companies should be suspended in order to avoid inconsistency with the Fund’s ethical guidelines.

2 The Fund’s investments in Rheinmetall AG and Hanwha Corporation.

The Government Pension Fund – Global owns bonds issued by the German company Rheinmetall Ag and shares in the South Korean company Hanwha Corporation. The value of these investments were, as of December 31st, 2006, NOK 81 million and NOK 7,5 million, respectively.

2.1 Further on cluster munitions produced by Rheinmetall AG

In 2006, the Norwegian Defence Research Establishment (*FFI*) conducted tests of two types of artillery delivered cargo ammunition. These were denoted DM 642 and DM 662 and respectively contained 63 and 49 bomblets.³ Such ammunition is a form of cluster munitions which has previously given grounds for exclusion of companies from the Fund.

In an e-mail from April 10th, 2007, FFI confirmed to the Council’s secretariat that the main producer of these munitions was the company Rheinmetall AG.

¹ Recommendation issued June 16th, 2005:

<http://www.regjeringen.no/pages/1661742/Tilråkning%20klasevåpen%20eng%2015%20juni%202005.pdf>

² Recommendation issued September 6th, 2006:

<http://www.regjeringen.no/pages/1784693/Poongsan.%20Unofficial%20English%20translation.pdf>

³ See http://www.mil.no/multimedia/archive/00090/cargo-ammunition_90494a.pdf