

COUNCIL ON ETHICS

THE GOVERNMENT PENSION FUND GLOBAL

To the Ministry of Finance

25 April 2013

UNOFFICIAL ENGLISH TRANSLATION

Recommendation to revoke the exclusion of the companies Africa Israel Investments Ltd. and Danya Cebus Ltd. from the investment universe of the Government Pension Fund Global

1 Background

In November 2009, the Council on Ethics recommended the exclusion of the Israeli company Africa Israel Investments Ltd. (AFI) and its listed subsidiary Danya Cebus Ltd. from the GPFG.¹ The reason was the companies' involvement in the building of Israeli settlements in the West Bank.

The Ministry of Finance followed the recommendation of the Council on Ethics and decided to exclude the companies in August 2010.

2 Information from the company

The Council on Ethics routinely considers whether the basis for the exclusion of companies continues to be present.

At a meeting with AFI in April 2013, and in subsequent correspondence, the company has informed the Council on Ethics that neither AFI nor any of its subsidiaries are involved in the construction of settlements in the West Bank anymore, and that there are no plans for such activities in future:

“Africa Israel Investments Ltd. and its subsidiaries have no current construction projects concerning Israeli settlements in the West Bank, and at the present have no plans for such activities in the future.”²

3 The Council on Ethics' assessment

As per the GPFG's ethical guidelines, the Council on Ethics recommends the exclusion of companies from the Fund's investment universe due to actions that present an unacceptable risk of a company contributing to violations of the rights of individuals in situations of war or conflict.³ There is widespread agreement that Israel's construction of settlements in the West Bank is illegal, and the Council on Ethics has therefore recommended the exclusion of companies that build Israeli settlements in the West Bank. The Council on Ethics remains of the view that such activities can constitute a basis for the exclusion of companies from the GPFG.

The exclusion mechanism is not intended to punish companies for previous actions, but rather to prevent investment in companies that are responsible for or contribute to on-going or potential future breaches of standards.

The recommendation to exclude AFI and Danya Cebus followed on-going construction activities in the West Bank. The Council on Ethics also attached importance to the company's lack of response to the Council on Ethics' enquiry regarding potential future construction activities in the area.

¹ Recommendation on the exclusion of Africa Israel Investments Ltd. and Danya Cebus Ltd.:

http://www.regjeringen.no/pages/13898012/Recommendation_Africa_Israel.pdf.

² Meeting on 10 April 2013 in Yehud, Israel, and email from AFI to the Council on Ethics, 19 April 2013.

³ Guidelines for the observation and exclusion of companies from the Government Pension Fund Global's investment universe: http://www.regjeringen.no/en/sub/styrer-rad-utvalg/ethics_council/ethical-guidelines.html?id=425277.

As the company has now stated that these construction activities have ended and that there are no plans for such activities in the future, nor are there indications from other sources that the company is involved in such activities, the Council on Ethics considers that the basis for continued exclusion is no longer present.

4 Recommendation

The Council on Ethics for the Government Pension Fund Global recommends that the exclusion of the companies Africa Israel Investments Ltd. and Danya Cebus Ltd. be revoked.

Ola Mestad Chair (Sign.)	Dag Olav Hessen (Sign.)	Ylva Lindberg (Sign.)	Marianne Olsson (Sign.)	Bente Rathe (Sign.)
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