

COUNCIL ON ETHICS

THE GOVERNMENT PENSION FUND GLOBAL

UNOFFICIAL ENGLISH TRANSLATION

To Norges Bank

21 December 2015

**Recommendation to revoke the exclusion of
Singapore Technologies Engineering Ltd from the
Government Pension Fund Global**

1 Summary

The Council recommends revoking the exclusion of Singapore Technologies Engineering Ltd from the Government Pension Fund Global (GPFG). This company has been excluded since 2002 due to its production of anti-personnel landmines. This production has now ceased and there are no longer grounds to maintain the exclusion of the company.

2 Background

In 2001, the Government Petroleum Fund's Advisory Commission on International Law and the exclusion mechanism to secure that the Fund's investments did not conflict with Norway's obligations under international law were established. In 2002, the Advisory Commission submitted a recommendation to the Ministry of Finance that Singapore Technologies Engineering Ltd., which produced anti-personnel landmines, should be excluded from the Fund.¹ The reason for this was that the Fund's investment in this company could be regarded as conflicting with Norway's obligations under the Anti-Personnel Landmine Convention, more specifically with the prohibition against «assist, encourage or induce», as stated in article 1(1) of the Convention.² This recommendation was complied with and the company was thus excluded from the Fund.

The exclusion was upheld under the current guidelines for the observation and exclusion of companies from the Government Pension Fund Global³ and has been maintained up to now.

According to section 5(5) of the guidelines, the Council may, based on new information, recommend that Norges Bank revokes the exclusion of a company.

3 Information from the company

In November 2015, the company published a declaration stating that it no longer has any activities relating to the production of either anti-personnel landmines or cluster munitions:

«As a responsible military technology manufacturer, we are not in the business of designing, producing and selling of anti-personnel mines and cluster munitions or any related key components.»⁴

The Council has contacted the company and received confirmation that this declaration applies to all the company's operations and all its subsidiaries.⁵

¹ The Advisory Commission on International Law's recommendations: <http://etikkradet.no/en/history/> .

² The Anti-Personnel Landmine Convention (*Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction*): <http://www.icbl.org/media/604037/treatyenglish.pdf> .

³ Guidelines for the observation and exclusion of companies from the Government Pension Fund Global: <http://etikkradet.no/en/guidelines/>

⁴ The company's website: <http://www.stengg.com/corporate-governance/sustainability>.

⁵ Email from the company to the Council dated 1 December 2015.

4 The Council's assessment

Based on the above, the Council finds there are no longer grounds to maintain the exclusion of the company.

5 Recommendation

The Council recommends revoking the exclusion of Singapore Technologies Engineering Ltd. from the Government Pension Fund Global.

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