

(Unofficial English translation)

To the Ministry of Finance

November 15, 2007

Recommendation

1 Background

The Council on Ethics recommends that the company GenCorp Inc. be excluded from the investment universe of the Government Pension Fund – Global because the company is assumed to be involved in the production of nuclear weapons.

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), production of key components of nuclear weapons were considered as falling within this category of weapons.

The Government Pension Fund – Global owned neither stocks nor bonds issued by in GenCorp Inc. at the end of 2006, but investments in the company have been made in the course of 2007.

The Council, on September 19th, 2005, issued its first recommendation on exclusion from the Fund of companies that produce nuclear weapons.¹ This recommendation provided for a closer description of nuclear weapons, as well as a description of which weapons’ components fall within the Fund’s guidelines. The Council considers, i.a., that development and production of missiles which have no function other than to deliver nuclear warheads, to fall within the Fund’s guidelines. Likewise, the Council considers that companies involved in development and production of propulsion systems for nuclear missiles should be excluded from the Fund.

2 Further details on GenCorp’s production of key components of nuclear weapons

GenCorp’s fully owned subsidiary, Aerojet, produces propulsion systems for missiles that have no function other than to deliver nuclear warheads. According to information on the company’s web site, it produces propulsion systems for the Trident III and the D5 Trident missiles: “*Aerojet currently produces solid and liquid propulsion systems for both the Air Force Minuteman III and the Navy D5 Trident missile systems*”.²

¹ Recommendation given September 19, 2005:

<http://www.regjeringen.no/pages/1661428/Tilrådning%20kjernevåpen%20engelsk%2019%20sept%202005.pdf>

² See <http://www.aerojet.com/capabilities/strategic.php>

At the Council's request, Norges Bank has written to the company in order to inquire whether the company produces cluster munitions. The company was asked to clarify whether:

“Gencorp Inc, or any of its subsidiaries, manufactures, assembles or in any other way produces:

- *components for nuclear weapons or their means of delivery, e.g. propulsion systems for strategic nuclear ballistic missiles,*

and/or

- *cluster munitions or components for cluster munitions, e.g. submunitions for such weapons.”*

The company did not respond to the letter from Norges Bank.

The Council on Ethics assumes that the information provided on the company's website is accurate and thus concludes that the company is involved in the production of key components of nuclear weapons.

3 Recommendation

The Council recommends exclusion of the company GenCorp Inc. from the investment universe of the Government Pension Fund – Global. This recommendation is based on Point 4.4 of the Fund's Ethical Guidelines which prescribes exclusion of companies *“on the basis of production of weapons that through their normal use may violate fundamental humanitarian principles”*.

Gro Nystuen Andreas Føllesdal Anne Lill Gade Ola Mestad Bjørn Østbø
(Chair)