

# COUNCIL ON ETHICS

THE GOVERNMENT PENSION FUND GLOBAL

**UNOFFICIAL ENGLISH TRANSLATION**

**To Norges Bank**

20 April 2016

**Recommendation to exclude Fluor Corp. and Huntington Ingalls Industries Inc. from the Government Pension Fund Global and to maintain the exclusion of Honeywell International Inc.**

# 1 Introduction

The Council on Ethics recommends excluding Fluor Corp.<sup>1</sup> (Fluor) and Huntington Ingalls Industries Inc.<sup>2</sup> (HII) from the Government Pension Fund Global (GPF) due to these companies' production of key nuclear weapons components. The Council also recommends maintaining the exclusion of Honeywell International Inc. (Honeywell).

At the end of 2015, the GPF owned shares in Fluor worth NOK 512 million and shares in HII worth NOK 492 million, equivalent to ownership shares of 0.87 per cent and 0.93 per cent respectively.

Honeywell has been excluded from the GPF since 2005 due to its role in the production of nuclear weapons.

## 1.1 What the Council has considered

The Council has assessed the Fund's investments in Fluor and HII on the basis of section 2(a) of the Guidelines for Observation and Exclusion from the Government Pension Fund Global, which authorises the exclusion of companies which produce weapons that violate fundamental humanitarian principles through their normal use.<sup>3</sup> Nuclear weapons are among the types of weapons covered by this.

In addition, the Council has considered whether there are still grounds for excluding Honeywell on the basis of its production of nuclear weapons.

# 2 Background

Savannah River Nuclear Solutions LLC (SRNS) is owned as a *joint venture* by Fluor, Newport News Nuclear Inc. (NNN) and Honeywell International Inc.<sup>4</sup> NNN is a wholly owned subsidiary of HII.

SRNS manufactures tritium, a radioactive isotope of hydrogen that is a key component in nuclear warheads.<sup>5</sup> Tritium has a natural half-life of 12.3 years, which means it must constantly be recovered from helium-3 (a non-radioactive isotope of helium) to maintain the warheads' function. SRNS is the only manufacturer of tritium for this purpose in the USA and makes tritium solely in order to maintain the warheads' function.<sup>6</sup>

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<sup>1</sup> Issuer ID: 1184706.

<sup>2</sup> Issuer ID: 24061601.

<sup>3</sup> The Guidelines for Observation and Exclusion from the Government Pension Fund Global: <http://etikkradet.no/en/guidelines/>.

<sup>4</sup> Savannah River Nuclear Solutions - Our Parent Companies: <http://www.savannahrivernuclearsolutions.com/about/parent.htm>.

<sup>5</sup> Tritium is used as a neutron source in the detonator in so-called *boosted fission weapons*. The use of such an external neutron source considerably increases the effectiveness of nuclear weapons.

<sup>6</sup> Savannah River Nuclear Solutions, Defense Programs: [http://www.savannahrivernuclearsolutions.com/programs/def\\_prgms01.htm](http://www.savannahrivernuclearsolutions.com/programs/def_prgms01.htm).

### 3 Information from the companies

The Council has received information from Fluor<sup>7</sup> and HII.<sup>8</sup> Independently of the Council's assessment, Norges Bank has received a letter from Honeywell in which the company asks that the basis for its exclusion be reassessed. Norges Bank has forwarded this letter to the Council.<sup>9</sup> The Council has based this recommendation on the correspondence with the companies and the information published on SRNS's website.

#### *Fluor*

Fluor confirms that SRNS's activities include the production of tritium by recycling helium-3. The company underlines that this is a very small part of its overall activities and that it has no other activities related to the production of weapons.

#### *HII*

HII states that its wholly owned subsidiary, Newport News Nuclear Inc. (NNN), supplies special containers for the underground testing of nuclear weapons components at Los Alamos National Laboratory (LANL). The company also states that NNN has operations at SRNS, where the activities include the production of tritium and recycling of helium-3.

#### *Honeywell*

Honeywell has not previously replied to the Council's inquiries but now gives an account of various aspects of its activities and underlines that it does not manufacture either nuclear missiles or nuclear warheads. The company also refers to the fact that its activities linked to nuclear weapons comprise a very limited part of its overall activities. Honeywell does, however, confirm that it manufactures some nuclear weapons components at the state-owned *Federal Manufacturing and Technologies* (FM&T) in Missouri, and that, through a *joint venture*, it takes part in the production of tritium at SRNS.

### 4 The Council's assessment

The exclusion of the companies has in this recommendation been assessed on the basis of the companies' activities at SRNS.

The activities at SRNS are a continuous production process that is necessary for maintaining the function of the nuclear warheads. The activities have no purpose other than this and can be equated with the initial manufacture of the warheads. The fact that this production comprises a small part of the companies' overall activities is in this context irrelevant to the Council's assessment.

Honeywell was excluded from the GPF in 2005 because of its activities related to the testing of nuclear weapons. These activities seem to have ceased. Since the company takes part in the activities at SRNS, however, the Council finds there are grounds for maintaining the exclusion of Honeywell.

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<sup>7</sup> Email from Fluor Corp. to the Council, 27 January 2016.

<sup>8</sup> Email from Hunting Ingalls Industries Inc. to the Council, 24 March 2016.

<sup>9</sup> Letter from Honeywell International Inc. to Norges Bank, 9 March 2016. Forwarded to the Council 15 March 2016.

Based on the above, the Council recommends excluding Fluor and HII from the GPFG and maintaining the exclusion of Honeywell.

## 5 Recommendation

The Council recommends excluding Fluor Corp. and Huntington Ingalls Industries Inc. from the Government Pension Fund Global due to the companies' production of key components of nuclear weapons.

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