

To Norges Bank

Date: 19 December 2023

UNOFFICIAL ENGLISH TRANSLATION

**Recommendation to exclude
L3Harris Technologies Inc from the
Government Pension Fund Global**

1 Introduction

The Council on Ethics for the Norwegian Government Pension Fund Global (GPFG) recommends that L3Harris Technologies Inc¹ (L3Harris) be excluded from investment by the GPFG due to the company's production of key components for nuclear weapons.

At the close of 2022, the GPFG owned 0.84 per cent of the company's shares, worth NOK 3.2 billion. In addition, the GPFG owned NOK 94 million in bonds issued by the company.

1.1 Matters considered by the Council

The Council on Ethics has assessed the GPFG's investment in L3Harris against section 3(1)(a) of the Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global, which i.a. states that the GPFG shall not be invested in companies which themselves, or through entities they control, develop or produce nuclear weapons or key components of nuclear weapons.²

1.2 Sources

The Council rests this recommendation on information obtained from the company's annual report and website.

2 Background

At the recommendation of the Council on Ethics, the company Aerojet Rocket-dyne Holdings (ARH) was excluded from the GPFG in 2007. The company's name at that time was GenCorp. It was excluded on the grounds that it produced motors for Minuteman and Trident missiles, which are nuclear weapon delivery systems.

Following an acquisition ARH is now a wholly owned subsidiary of L3Harris.

1 Issuer ID: 100710

2 Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global (GPFG):
https://www.regjeringen.no/contentassets/9d68c55c272c41e99f0bf45d24397d8c/2022.09.05_gpfg_guidelines_observation_exclusion.pdf

In its annual report for 2022, ARH stated that it is responsible for the upgrading and maintenance of motors for both the Minuteman and Trident missiles.

On its website, L3Harris states that:

Aerojet Rocketdyne, an L3Harris Technologies company, has supported the U.S. Navy's submarine-launched Fleet Ballistic Missile (FBM) program for more than 40 years with boost and post boost propulsion systems produced at its Gainesville and Orange County, Virginia, facilities.

Today, Aerojet Rocketdyne continues its support on the Trident II D5 missile currently aboard USS OHIO-class submarines and baselined for the new Columbia class submarines. Aerojet Rocketdyne is proud to be part of the FBM team that has a remarkable mission success track record. As the leader in emerging technologies to enhance capability and affordability, we are well-positioned to design, develop and produce the country's next-generation FBM propulsion systems.³

As can be seen, ARH's engagement in the development and production of propulsion systems for Trident missiles has continued after the company became part of L3Harris.

On L3Harris's website, it also says:

Aerojet Rocketdyne, an L3Harris Technologies company, has conducted the post boost propulsion system critical design review, passing a major review gate on the path to flight readiness and paving the way for fabrication, demonstration and testing of propulsion components prior to production. [...] Aerojet Rocketdyne is developing a large solid rocket motor and the post-boost propulsion system for the LGM-35A Sentinel Ground Based Strategic Deterrent (GBSD) program as a key member of Northrop Grumman's nationwide team.⁴

The USA's new Sentinel missile platform is scheduled to replace Minuteman ICBMs after 2030.

3 Information from the company

The Council on Ethics has written to L3Harris to request information about the company's engagement in the production of key components for nuclear

³ L3Harris website: <https://www.l3harris.com/all-capabilities/trident-ii-d5>

⁴ L3Harris website: <https://www.l3harris.com/all-capabilities/lgm-35a-sentinel>

weapons.⁵ The company has not replied to the Council's queries, but describes its activities on its corporate webpages.

4 The Council's assessment

According to the ethical guidelines, the Council shall recommend that companies which develop or produce nuclear weapons or key components for nuclear weapons be excluded from investment by the GPF. The Council has previously taken the position that missiles and motors for missiles whose only function is to carry nuclear warheads must be considered key components of nuclear weapons. The Council's original recommendation to exclude GenCorp, subsequently renamed ARH and now acquired by L3Harris, rested on its development and production of just such components.

According to the company's own public disclosures, L3Harris continues the development of the Trident missiles, which formed part of the grounds for the exclusion of GenCorp/ARH. In addition, L3Harris states that it plays a key role in the development of motors for the new Sentinel missiles. This, too, constitutes grounds for excluding the company from investment by the GPF.

Despite L3Harris's failure to reply to the Council's queries, the Council considers the matter to be adequately clarified by the information presented in ARH's annual report and on L3 Harris' website.

5 Recommendation

The Council on Ethics recommends that L3Harris Technologies Inc be excluded from the GPF because of the company's development and production of key components of nuclear weapons.

*

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⁵ Letter from the Council on Ethics to L3Harris, dated 2 November 2023.