

COUNCIL ON ETHICS

THE GOVERNMENT PENSION FUND GLOBAL

UNOFFICIAL ENGLISH TRANSLATION

To Norges Bank

July 2, 2025

**Recommendation to exclude
Caterpillar Inc. from the
Government Pension Fund Global**

SUMMARY

The Council on Ethics recommends the exclusion of Caterpillar Inc. from the Government Pension Fund Global due to an unacceptable risk that the company contributes to serious violations of individuals' rights in situations of war or conflict.

Caterpillar is an American company that, among other things, manufactures construction machinery. As of the end of 2024, the Government Pension Fund Global held shares in the company valued at NOK 24.4 billion, corresponding to an ownership stake of 1.23 percent. The company is listed on the New York Stock Exchange.

The basis for this case is that bulldozers manufactured by Caterpillar are being used by Israeli authorities in the widespread unlawful destruction of Palestinian property.

In the Council's assessment, there is no doubt that Caterpillar's products are being used to commit extensive and systematic violations of international humanitarian law. The company has also not implemented any measures to prevent such use. As deliveries of the relevant machinery to Israel are now set to resume, the Council considers there to be an unacceptable risk that Caterpillar is contributing to serious violations of individuals' rights in war or conflict situations, pursuant to section 4(b) of the Fund's ethical guidelines.

1	Introduction	1
1.1	Matters considered by the Council	1
1.2	Sources	1
2	Background	2
2.1	The occupation of the West Bank and Gaza	2
2.2	Legal implications of the occupation of the West Bank and Gaza	3
2.3	Protection of private property, ban on collective punishment	3
2.4	Destruction of Palestinian property in the West Bank	4
2.5	Destruction of property in Gaza	6
2.6	Caterpillar's role	6
3	Information provided by the company	7
4	The Council's assessment	8
5	Recommendation	9

1 Introduction

The Council on Ethics for the Norwegian Government Pension Fund Global (GPF Global) has assessed the Fund's investments in Caterpillar Inc¹ (Caterpillar) against the Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global (the ethical guidelines).²

At the close of 2024, the GPF Global owned 1.23 per cent of the company's shares, worth NOK 24.4 billion.

Caterpillar is a US company which produces heavy construction machinery, among other things.

1.1 Matters considered by the Council

The case rests on the fact that Caterpillar supplies bulldozers that are used by the Israeli authorities to destroy Palestinian property in Gaza and the West Bank.

The Council has considered whether there is an unacceptable risk that Caterpillar is contributing to serious violation of the rights of individuals in situations of war or conflict under section 4(b) of the ethical guidelines, according to which:

Companies may be excluded or placed under observation if there is an unacceptable risk that the company contributes to or is responsible for:

[...] b) serious violations of the rights of individuals in situations of war or conflict [...]

Application of section 4(b) of the ethical guidelines rests largely on international conventions, and the bodies which monitor these have often issued statements of interpretation thereon. These provide important guidance and support for the Council's application of the guidelines.

1.2 Sources

The Council has obtained information on Caterpillar's business operations through two meetings with the company, and otherwise from sources referred to in the footnotes to this recommendation.

¹ Issuer ID:100285.

² Guidelines for Observation and Exclusion of Companies from the Government Pension Fund Global:

https://www.regjeringen.no/contentassets/9d68c55c272c41e99f0bf45d24397d8c/2022.09.05_gpf_guidelines_observation_exclusion.pdf.

In addition, the Council has based its assessment partly on statements from various UN bodies and the International Court of Justice (ICJ) in The Hague.

2 Background

2.1 The occupation of the West Bank and Gaza

The *West Bank* refers to the territory situated to the west of the Jordan River and to the east of the 1949 Armistice Line. This area came under Israeli occupation following the Six-Day War in 1967. Prior to that, it was occupied by the Kingdom of Jordan.

Subsequent to the signing of the Oslo Accords, administrative authority over certain portions of the West Bank—designated as Areas A and B—was transferred to the Palestinian self-governing authority. However, a substantial portion of the territory, known as Area C, remains under full Israeli civil and military authority.

It has been reported that more than 500,000 Israelis currently live in settlements in Area C, in addition to those living in East Jerusalem.³ The current Israeli government aims to further increase this number,⁴ and forecasts indicate a total of 600,000 Israeli settlers by 2030.⁵ In 2022, the Palestinian population in the West Bank totalled around 3.2 million, with some 300,000 living in Area C.⁶

In January 2025, Israel launched a new and extensive military campaign, *Operation Iron Wall*, in Area C of the West Bank.⁷

Gaza is a thin strip of land bordered by the Mediterranean, Israel and Egypt. Gaza covers an area of 365 square km and has a population of over 2 million. Since the terrorist attack on Israel in October 2023, Gaza has been under complete Israeli military siege and control.

³ Times of Israel, 12 February 2024, *West Bank settler population grew by nearly 3% in 2023*: <https://www.timesofisrael.com/west-bank-settler-population-grew-by-nearly-3-in-2023-report/>.

⁴ The Guardian, 29 May 2025, *Israel confirms plans to create 22 new settlements in occupied West Bank*: https://www.theguardian.com/world/2025/may/29/israel-new-settlements-occupied-west-bank-palestinian-state?CMP=Share_iOSApp_Other.

⁵ BBC, 6 March 2024, *Israel approves plans for 3,400 new homes in West Bank settlements*: <https://www.bbc.com/news/world-middle-east-68490034>.

⁶ Palestinian Central Bureau of Statistics: https://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_InterPopDay2022E.pdf.

⁷ United Nations – UN News, *Israeli military operation displaces 40,000 in the West Bank*: <https://news.un.org/en/story/2025/02/1159971>.

2.2 Legal implications of the occupation of the West Bank and Gaza

In 2022, the UN General Assembly requested an advisory opinion from the International Court of Justice (ICJ) regarding the legal consequences arising from Israel's occupation of the Palestinian territories. This request included an inquiry into whether the occupation, by its very nature, constitutes a violation of international law. In this connection, the General Assembly expressed deep concern for the human rights situation in the occupied territories.⁸

The ICJ issued its advisory opinion on 19 July 2024. In this opinion, the ICJ found that Israel's occupation of Palestinian territories must be considered a violation of the rules governing the use of force and of the Palestinian people's right to self-determination, and, therefore, that the occupation is illegal.⁹ In another development, the ICJ concluded that the restrictions that Israel imposes on Palestinians in the West Bank and East Jerusalem constitute systematic discrimination on the grounds of race, religion or ethnic origin, in violation of articles 2 and 3 of the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD).¹⁰

2.3 Protection of private property, ban on collective punishment

Under international humanitarian law (IHL), the authority of an occupying power to confiscate or destroy private property within the territory under its control is subject to stringent limitations. Article 46 of the Hague Convention IV – Laws and Customs of War on Land, from 1907, states that private property must be respected:

*Family honour and rights, the lives of persons, and private property, as well as religious convictions and practice, must be respected. Private property cannot be confiscated.*¹¹

Article 53 of the Fourth Geneva Convention establishes explicit limitations on the actions an occupying power may take concerning real and personal property within an occupied territory. Regarding the destruction of property, it provides the following stipulation:

⁸ ICJ, Request for Advisory Opinion, 30 December 2022:

<https://www.icj-cij.org/sites/default/files/case-related/186/186-20230117-REQ-01-00-EN.pdf>.

⁹ The International Court of Justice's Advisory Opinion, 19 July 2024, para. 261:

<https://www.icj-cij.org/sites/default/files/case-related/186/186-20240719-adv-01-00-en.pdf>.

¹⁰ Ibid, paras. 213, 222 and 229.

¹¹ ICRC: Convention (IV) respecting the Laws and Customs of War on Land and its annex:

Regulations concerning the Laws and Customs of War on Land. (1907):

<https://ihl-databases.icrc.org/en/ihl-treaties/hague-conv-iv-1907?activeTab=>.

Any destruction by the Occupying Power of real or personal property belonging individually or collectively to private persons, or to the State, or to other public authorities, or to social or cooperative organizations, is prohibited, except where such destruction is rendered absolutely necessary by military operations.

Article 33 of the Fourth Geneva Convention prohibits collective punishment and reprisals:

*No protected person may be punished for an offence he or she has not personally committed. Collective penalties and likewise all measures of intimidation or of terrorism are prohibited. Pillage is prohibited. Reprisals against protected persons and their property are prohibited.*¹²

2.4 Destruction of Palestinian property in the West Bank

The UN Office for the Coordination of Humanitarian Affairs (OCHA) reports on the scale of the demolition of Palestinian property in the West Bank and East Jerusalem. Since 2009, 12,936 properties are reported to have been demolished. These include over 4,500 homes, 3,000 agricultural properties and 1,000 water and sewage facilities. The OCHA also reports a substantial increase in the scale of the destruction in 2024 compared with previous years.¹³ Around 10 per cent of the incidents of destruction are described as *punitive demolitions*.

In its advisory opinion from July 2024, the ICJ stated:

*Under applicable law, the military commander of the Israeli Defense Forces has the power to order the demolition of properties that are linked with individuals having committed any of a cluster of offences deemed to be terrorist in nature: these properties are primarily homes in which the individuals in question live, or have lived, or where their families live. Israel is reported to have demolished more than 2,000 Palestinian properties since the beginning of the occupation as punishment for criminal offences.*¹⁴

The ICJ finds that Israel's practice of using the demolition of Palestinian property as a punishment is without justification and in violation of its IHL obligations:

¹² Convention (IV) relative to the Protection of Civilian Persons in Time of War. Geneva, 12 August 1949: <https://ihl-databases.icrc.org/en/ihl-treaties/gciv-1949?activeTab=>.

¹³ OCHA: Data on demolition and displacement in the West Bank: <https://www.ochaopt.org/data/demolition>.

¹⁴ Footnote 9, para. 208.

*Israel's practice of punitive demolitions of Palestinian property, being contrary to its obligations under international humanitarian law, does not serve a legitimate public aim.*¹⁵

According to OCHA, the absence of a building permit is cited as the primary justification for approximately 80 percent of demolitions of Palestinian-owned structures in the West Bank. The ICJ notes that 90 percent of building permit applications submitted by Palestinians in the occupied territory are rejected, whereas 60 to 70 percent of applications submitted by Israeli settlers are approved. Consequently, as of 2019, one-third of Palestinian residential structures in Area C — home to an estimated 100,000 individuals — lacked the requisite building permits.

The ICJ found that also this Israeli practice was illegal:

*In the Court's view, this practice cannot be justified with reference to reasonable and objective criteria nor to a legitimate public aim. In particular, there is nothing in the material before the Court to indicate that the refusal of building permits to Palestinians, or the demolition of structures for lack of such permits, at such a sweeping scale, serves a legitimate aim. This conclusion is further supported by the fact that, in so far as Israel grants building permits for settlers and settlements, it acts in breach of international law.*¹⁶

The ICJ highlights that both the discriminatory practice and the permits which are granted for Israeli construction in the occupied territory are inherently illegal. The court notes that Israel's laws and actions impose and maintain the almost complete segregation of Israeli settlers and Palestinian communities in the West Bank and East Jerusalem. For this reason, the ICJ considers that Israel's laws and actions constitute a violation of Article 3 of the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD).

The methods employed in the destruction of Palestinian property vary. At the direction of the Israeli occupying authorities, demolitions are executed either by military forces—frequently utilizing explosives or armoured bulldozers—or, in some instances, by civilian contractors. The destruction of Palestinian agricultural land and infrastructure is commonly carried out using armoured bulldozers.¹⁷ The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) describes the destruction as follows:

¹⁵ Ibid, para. 213.

¹⁶ Ibid, para. 221.

¹⁷ The OCHA's database contains an overview of the destruction and how it was carried out: <https://www.ochaopt.org/data/demolition>.

*Forced displacement in the occupied West Bank is the result of an increasingly dangerous and coercive environment. The use of air strikes, armoured bulldozers, controlled detonations, and advanced weaponry by the Israeli Forces has become commonplace – a spillover of the war in Gaza.*¹⁸

2.5 Destruction of property in Gaza

The war in Gaza has resulted in widespread destruction of Palestinian property. In February 2025, the World Bank estimated that almost 300,000 homes and 80 per cent of roads, as well as other infrastructure in the area, had been destroyed.¹⁹ The majority of properties in Gaza have been destroyed in the course of military operations, primarily through the use of explosives and armoured bulldozers. Armoured bulldozers, in particular, have been employed to demolish roads and other critical infrastructure, rendering large areas uninhabitable.

2.6 Caterpillar's role

It is undisputed that, for decades, the Israel Defense Forces (IDF) have utilized bulldozers manufactured by Caterpillar. According to the company, these machines are supplied through the United States Foreign Military Sales (FMS) programme. In other words, Caterpillar sells the equipment to U.S. government authorities, who then transfer them to Israel via the FMS framework. Consequently, there is no direct commercial relationship between Caterpillar and the IDF.

The bulldozers in question, designated as model D9, are originally manufactured by Caterpillar as civilian heavy machinery. After delivery to Israel, they are modified by other parties and adapted for military purposes through the addition of armour plating, weaponry, and other enhancements. Some units are also equipped with remote-control capabilities.²⁰

In 2024, the transfer of Caterpillar's D9 bulldozers to Israel via the FMS programme was halted as a result of temporary measures linked to export licences and pending a review of US weapons export legislation. These measures were

¹⁸ UNWRA, *Large-Scale Forced Displacement in the West Bank Impacts 40,000 people*: <https://www.unrwa.org/newsroom/official-statements/large-scale-forced-displacement-west-bank-impacts-40000-people>.

¹⁹ World Bank, *Gaza and West Bank Interim Rapid Damage and Needs Assessment* (February 2025): <https://thedocs.worldbank.org/en/doc/133c3304e29086819c1119fe8e85366b-0280012025/original/Gaza-RDNA-final-med.pdf>.

²⁰ Times of Israel, 20 April 2025, *Israel's new unmanned bulldozers 'changing the paradigm' of war in Gaza*: <https://www.timesofisrael.com/israels-new-unmanned-bulldozers-changing-the-paradigm-of-war-in-gaza/>.

initiated due to concerns about the humanitarian consequences of Israel's prosecution of the war in Gaza and occupation of the West Bank.²¹ In the spring of 2025, however, the US administration authorized the resumption of deliveries of Caterpillar D9 bulldozers to Israel.²²

3 Information provided by the company

The Council on Ethics has held two meetings with representatives of the company's management.

During a teleconference on 19 November 2024, Caterpillar explained that the company had never sold the bulldozers in question directly to the IDF, but that the equipment was sold to the US authorities via the FMS programme.

The company confirmed, when asked, that it was aware that the vehicles had been transferred to Israel and that, with the possible exception of a couple of vehicles previously delivered to Egypt, Israel was the only nation to receive D9 bulldozers supplied via the FMS programme. The company also underlined that these bulldozers were supplied by Caterpillar as civilian heavy machinery and that they were modified for military purposes by other parties.

The Council asked whether the company could confirm that sale of the D9 bulldozers was subject to a moratorium. The company replied that it was not aware of this, but that it had noted that no new orders had been placed under the FMS programme. At that time, therefore, there were no ongoing deliveries or future orders for D9 bulldozers linked to the FMS programme.

The Council subsequently inquired about the measures Caterpillar was taking to ensure that its products were not being used in violation of international humanitarian law or human rights. The company responded that it was difficult to maintain oversight of how its equipment was used once delivered. Regarding sales through the Foreign Military Sales (FMS) programme, Caterpillar referred to the evaluations conducted by U.S. authorities, noting that the imposition of possible delivery restrictions demonstrated that such assessments were indeed carried out and had tangible effects.

In April of this year, the Council contacted the company again to determine whether any new deliveries of D9 bulldozers were planned under the FMS programme. In response, Caterpillar requested a follow-up meeting, which was held on 28 May.

²¹ Reported in Politico, 15 May 2024:

<https://www.politico.com/news/2024/05/15/biden-israel-weapons-policy-00158210>.

²² US Department of Defense, Security Cooperation Agency:

<https://media.defense.gov/2025/Mar/03/2003653977/-1/-1/1/PRESS%20RELEASE%20-%20ISRAEL%2024-38%20CN.PDF>.

During that meeting, the company confirmed that it had received a new order for D9 bulldozers via the FMS programme, with deliveries scheduled to begin in the coming months.

Caterpillar was provided with a draft version of this recommendation on June 12 and was invited to submit any comments. The company has not responded to this invitation.

4 The Council's assessment

On the basis of the information available, the Council on Ethics has assessed whether, pursuant to section 4(b) of the GPFG's ethical guidelines, there is an unacceptable risk that Caterpillar is contributing to serious violation of the rights of individuals in situations of war or conflict.

The core issue concerns the use of militarized bulldozers manufactured by Caterpillar in the widespread illegal destruction of Palestinian property. The Council previously considered this matter in 2024 but chose not to pursue it further at that time, as deliveries had already been suspended. The exclusion of companies from investment by the GPFG is not intended as a sanction for past conduct but must be based on an assessment of ongoing or future risk.

In its 2024 Annual Report, the Council addressed the issue of corporate accountability for the use of fundamentally generic products. Regarding heavy machinery used by *construction companies*, the Council noted the difficulty in holding its manufacturers responsible for the end use of such equipment once it has been delivered. This challenge arises from the fact that heavy construction machinery may be sold and resold multiple times and used for a wide range of purposes, often many years after its manufacture, thereby complicating efforts to establish a direct line of accountability between the manufacturer and the end user.

The Council considers this case to be of a fundamentally different nature. It does not pertain to the sale of generic machinery that, after passing through a supply chain, may ultimately be used by a construction company which, alongside lawful activities, might occasionally engage in unlawful practices. In contrast, Caterpillar manufactures and sells D9 bulldozers to U.S. authorities, fully aware that the equipment will be transferred to the IDF. While the IDF employs the D9 bulldozers for a range of military operations — some of which may be lawful — it is indisputable that these machines are also extensively used in the unlawful destruction of Palestinian property and play a central role in such activities.

According to the ICJ, Israel's widespread destruction of Palestinian property in the West Bank — including homes, agricultural properties, and essential infrastructure such as roads and water systems—constitutes a clear violation of international

humanitarian law. These actions have had severe consequences for the Palestinian population, resulting in the loss of homes and livelihoods, and leading to forced displacement. Israel's ongoing military operations, combined with its stated intention to expand Israeli settlements in Palestinian territories, significantly heighten the risk of further destruction in the future.

In the course of its military operations in Gaza, the IDF have carried out widespread destruction of residential properties and civilian infrastructure that significantly exceeds what could be justified by military necessity. According to numerous credible and authoritative sources, such actions constitute a clear violation of international humanitarian law. The catastrophic impact on Gaza's civilian population has been extensively documented elsewhere and need not be reiterated here. Although a substantial portion of the destruction in Gaza results from the use of other military means, IDF's militarized bulldozers nonetheless play a significant role. This role may expand further in light of Israel's stated objectives of reoccupation or annexation, particularly in connection with the removal of remaining Palestinian properties.

In the view of the Council, there is no doubt that Caterpillar's products are being used to facilitate widespread and systematic violations of IHL. The company has taken no discernible steps to prevent such use. Given that deliveries of D9 bulldozers to Israel are set to resume, the Council finds there to be an unacceptable risk that Caterpillar is contributing to serious violations of the rights of individuals in situations of war or conflict, as defined under section 4(b) of the GPFG's ethical guidelines.

5 Recommendation

The Council on Ethics recommends that Caterpillar Inc be excluded from investments by the Government Pension Fund Global.

Svein Richard
Brandtzæg
Leder

(Sign.)

Siv Helen Rygh
Torstensen

(Sign.)

Cecilie
Hellestveit

(Sign.)

Vigdis Vandvik

(Sign.)

Egil Matsen

(Sign.)