To the Ministry of Finance
2 May 2013

UNOFFICIAL ENGLISH TRANSLATION

Recommendation concerning the exclusion of Alliant Techsystems Inc. from the investment universe of the Norwegian Government Pension Fund Global
1 Introduction
The Council on Ethics recommends that Alliant Techsystems Inc (ATK) no longer be excluded from the Fund on the grounds that it manufactures cluster munitions.

As the company manufactures key components for nuclear weapons, the Council on Ethics nevertheless recommends that the company continues to be excluded from the Fund.

2 Background
The Fund’s ethical guidelines state that the Fund’s assets shall not be invested in companies which themselves or through entities they control produce weapons that violate fundamental humanitarian principles through their normal use. Cluster munitions and nuclear weapons are among the weapons that fall into this category.

On 16 June 2005, the Council on Ethics recommended excluding the American company ATK from the Fund’s investment universe because the company produced cluster munitions. The Ministry of Finance decided to exclude the company in August 2005, and the company has since been excluded from the Fund.

The Council on Ethics routinely considers whether the grounds for excluding companies remain in place. In this regard, the Council on Ethics has obtained the following information on the company’s production of cluster munitions and nuclear weapons:

ATK’s cluster munitions production
In 2005, exclusion of the company was recommended on the grounds of its production of the cluster munition CBU 87/B, which contained 202 sub-munitions of the type BLU-97. In addition, the company has until recently referred to its production of the sub-munition called BLU-108 on its own website.

The company no longer refers to these cluster munitions on its website and has stated that it no longer produces any kind of cluster munitions.

ATK’s production of key components for nuclear weapons
The company states on its own website that it is responsible for upgrading the rocket engines of the Minuteman III, an intercontinental ballistic missile. The company also states that it

---

1 Guidelines for the observation and exclusion of companies from the Government Pension Fund Global’s investment universe, section 2: http://www.regjeringen.no/nb/sub/styrer-rad-utvalg/etikkradet/etiske-retningslinjer.html?id=425277
3 Guidelines for the observation and exclusion of companies from the Government Pension Fund Global’s investment universe, section 5, subsection 5: http://www.regjeringen.no/nb/sub/styrer-rad-utvalg/etikkradet/etiske-retningslinjer.html?id=425277
4 Letter from Alliant Techsystems Inc. to the Council on Ethics’ consultant, GES Investment Services.
5 Minuteman III is a silo-based intercontinental ballistic missile with three solid-propellant stages and a fourth-stage liquid-propulsion engine. It has been the prime nuclear deterrent for the United States for the last four decades, and plans are in place for it to continue in this role through 2020. The Minuteman III continues to undergo a major refurbishment under the U.S. Air Force’s Prime Integration Contract led by Northrop Grumman Mission Systems. ATK is responsible for refurbishing all three solid-propellant stages of the missile. http://www.atk.com/products-services/minuteman-iii/
produces the rocket engines for the nuclear missile Trident II (D5), which is intended to be launched from submarines.  

3 Information provided by the company

The Council on Ethics has written to the company asking if it still produces cluster munitions and whether it produces key components of nuclear weapons. The company has not replied to the Council on Ethics’ inquiry.

4 The Council on Ethics’ assessment

The Council on Ethics considers it likely that the company has stopped producing cluster munitions. The basis for excluding the company on the grounds that it produces cluster munitions is therefore no longer existent. The Council on Ethics has previously decided that the production and upgrade of missiles that have no function other than to carry nuclear weapons must be regarded as the production of key components of nuclear weapons and thus constitute grounds for exclusion from the Fund. ATK states on its own website that it carries out this activity. The Council on Ethics is therefore of the opinion that the company should continue to be excluded from the Fund.

5 Recommendation

The Council on Ethics recommends revoking the exclusion of Alliant Techsystems Inc. on the grounds that it produces cluster munitions. The Council on Ethics nevertheless recommends that the company remain excluded from the Fund’s investment universe due to its production of key components of nuclear weapons.

***

Ola Mestad
Dag Olav Hessen
Ylva Lindberg
Gro Nystuen
Bente Rathe

(sign.)
(sign.)
(sign.)
(sign.)
(sign.)

---


7 Letter from the Council on Ethics to ATK, 11 March 2013