

**To the Ministry of Finance**

Recommendation  
February 13th, 2009

## **(Unofficial English translation)**

### **Introduction**

The Council on Ethics submitted a recommendation on June 16<sup>th</sup>, 2005, on exclusion from the Government Pension Fund – Global of companies involved in production of cluster munitions.

Among the companies recommended for exclusion was the French company Thales SA (“Thales”).

The Council now finds that the grounds for excluding Thales are no longer valid. The Council therefore recommends that the company no longer be excluded from the investment universe of the Government Pension Fund – Global.

### **Background**

The Fund’s Ethical Guidelines point 4.4 states that the Council shall issue recommendations on exclusion of companies which produce weapons that through their normal use 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 cluster munitions were considered to fall within this category of weapons. The Guidelines point 4.6 states that the Council shall review on a regular basis whether the reasons for exclusion still apply and may against the background of new information recommend that the Ministry of Finance revoke a decision to exclude a company.

When the Council issued its recommendation in 2005 on exclusion of i.a. Thales, there was no commonly accepted definition of which types of munitions should be considered as cluster munitions. The Council therefore applied its own definition of which types of munitions that should fall within the scope of the Guidelines. In 2008, an international convention to ban cluster munitions was negotiated. The convention’s definition of cluster munitions is for the most parts overlapping with the Council’s definition from 2005. The Council now bases its recommendations on exclusions of companies that produce cluster munitions as defined in the convention on cluster munitions.

The Convention on Cluster munitions commits its state parties to i.a. ban production of cluster munitions on their own territory. It would not necessarily constitute a violation of the convention if a company registered in one state which is party to the convention, is involved in production of cluster munitions on the territory of a state which is not party to the convention.

In Thales’ report on Corporate Responsibility for 2007, the following is stated (p. 12): *“The Group is no longer involved in the manufacture of cluster munitions, and has removed these products from its catalogue. In this respect, the Group has taken a proactive stance by anticipating the principles and definitions of the future Convention of cluster munitions, also known as the Oslo convention.”*

## **The Council's communication with the company**

The Council wrote to the company in October 2008 to enquire whether the above given statement also applies to Thales' subsidiaries, and if the statement applies to all production, regardless of where it may take place.

The Council received a reply from Thales in a letter dated November 27<sup>th</sup>, 2008. In its letter, the company i.a. states the following: *"Concerning the production and sales of cluster munitions, I confirm that Thales and its subsidiaries no longer has any involvement whatsoever, and whatever the country, in the production of this type of arms."*

## **Recommendation**

Based on the information provided above, the Council finds that the grounds for exclusion of Thales from the Fund are no longer valid.

The Council recommends that Thales SA no longer be excluded from the investment universe of the Government Pension Fund – Global.

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