

COUNCIL ON ETHICS

THE GOVERNMENT PENSION FUND GLOBAL

To the Ministry of Finance

Recommendation

November 15, 2010

UNOFFICIAL ENGLISH TRANSLATION

1 Background

On June 16, 2005, the Council on Ethics for the Norwegian Government Pension Fund Global submitted a recommendation on the exclusion of companies that produce cluster munitions.¹ Among the companies recommended for exclusion was the American company L-3 Communications Holdings Inc. The Council had contacted the company through NBIM and enquired as to whether the company produced cluster munitions or key components thereof.² In its reply to NBIM, L-3 Communications Corp. confirmed that it did produce such key components. L-3 Communications Corp is a wholly owned subsidiary of L-3 Communications Holdings Inc.

The Council routinely assesses whether the grounds for exclusion of companies are still valid. In connection with this the Council has received information that L-3 Communications Corp. no longer produces cluster munitions.

2 Contact with the company

The Council wrote to L-3 Communications Corp. in September 2010 and asked the company to clarify whether it or any of its subsidiaries or companies under its control, still produces cluster munitions or components thereof.

In its response to the Council, the company made it clear that L-3 Communications Corp. is no longer involved in the production of cluster munitions.³ Subsequent correspondence with the company clarified that this also applies to L-3 Communications Holdings Inc.⁴

3 Council's assessment

L-3 Communications Holdings Inc. was excluded from the Government Pension Fund Global because of production which took place in its wholly owned subsidiary, L-3 Communications Corp. As L-3 Communications Corp. no longer is involved in the production of cluster munitions, the Council finds that the grounds for the exclusion of L-3 Communications Holdings Inc. no longer are valid.

¹ The Council's recommendation, June 16th 2005:

<http://www.regjeringen.no/pages/1661742/Tilrådning%20klasevåpen%20eng%2015%20juni%202005.pdf>

² Letter from L-3 Communications Corp to NBIM, June 2, 2005

³ E-mail from L-3 Communications Corp to Council on Ethics, September 20, 2010

⁴ E-mail from L-3 Communications Corp to Council on Ethics, October 29, 2010

4 Recommendation

Based on the information provided above, the Council recommends that the company L-3 Communications Holdings Inc. no longer be excluded from the investment universe of the Government Pension Fund – Global.

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