

(Unofficial English translation)

To the Ministry of Finance

September 5, 2007

Recommendation

1 Introduction

The Council on Ethics for the Government Pension Fund – Global submitted a recommendation on May 15th, 2007, on exclusion from the Fund of the companies Hanwha Corporation and Rheinmetall AG because of production of cluster munitions.

After the recommendation was submitted, new information has been received pertaining to the company Rheinmetall AG, included a response from to company to the Council's enquiry.

Based on the new information, the Council no longer considers the grounds to exclude the company Rheinmetall AG to be valid.

2 Background

2.1 Response from the company

Norges Bank wrote to the company on behalf of the Council on April 12th, 2007, with a request to clarify whether the company produced cluster- or cargo munitions and / or bomblets for such munitions, e.g. 155 mm artillery delivered cargo ammunition.

Norges Bank received, after repeated attempts to get information, a response from the company on June 5th, 2007, i.e. after the recommendation of exclusion had been submitted. The company writes, i.a.: *“Characteristic for cluster munition is the lack of capability for autonomus targeting and the usually high number of unexploded ordnance devices after the strike, which stands in the focus of public criticism. Cluster ammunition and / or sub-ammunitions for such ordnance, bombs and cluster bombs do not belong to those goods, which are developed, produced or assembled by Rheinmetall nor any of our subsidiaries.”*

The Council considered that this reply did not entirely rule out the possibility of production of all forms of cluster munitions, and it was therefore decided to approach the company again with enquiries pertaining to specific munitions systems.

After repeated enquiries, by both e-mail and telephone, the Council received a reply from the company on June 28th, 2007, in which it is stated: *“You asked wether Rheinmetall currently produces 155 mm artillery shells DM 632 / DM 642 / DM 652 or DM 662. We can clarify that Rheinmetall does not produce these artillery shells”*
