

February 25, 2015

## Norway Corporate Social Responsibility (CSR) Report

### Summary

- In Norway, the Ministry of Finance's Council on Ethics for the Government Pension Fund, SRI (socially responsible investment) companies, trade unions, and political non-governmental organizations (NGOs) are part of BDS (boycott, divestment, and sanction) campaigns against Israel. The campaigns are directed against both Israeli and international companies, which are accused of furthering violations of international law in connection to the security barrier and Israeli settlements in the West Bank.
- The Norwegian Council on Ethics has promoted divestment from Israeli companies such as Shikun & Binui, Africa Israel, and Elbit. The Industri Energi trade union targeted the international security company G4S. The Nordea banking group elected to divest from the international company Cemex, and is reviewing its business relations with Bank Hapoalim, HeidelbergCement, and Hewlett Packard (HP).
- A wide network of NGOs and SRI companies lobby the Ethical Council, trade unions, and corporate investment committees, advancing an anti-Israel agenda. In these campaigns, BDS activists rely on distortions of international law in order to promote the claim that it is illegal and unethical to conduct business with Jews over the 1949 armistice lines.
- Divestment actors often fail to fully disclose the sources they consult in deciding upon economic sanctions. They also fail to demonstrate the existence of violations of international norms and connections between corporate activity and said violations, nor identify any actual detriment to Palestinians. The lack of transparency, coupled with the distorted legal arguments, confirm the political nature of BDS campaigns that aim to delegitimize Israel.
- As of September 17, 2014, the Ethical Council has only blacklisted three companies under the category "Serious violations of the rights of individuals in situations of war or conflict" – all of which are Israeli. Investments in companies located in other conflict zones, including [occupied territories](#) outside the Mideast, have not been suspended.
- Through divestment, BDS campaigns reinforce Palestinian anti-normalization policies (opposition to cooperation with Israelis) and act as a disincentive for efforts by the parties in the conflict to overcome their divisions and seek a peaceful solution based on compromise.
- Although the Council claims to act on "ethical principles," the Council's conduct is itself unethical and immoral, singling out Israel and failing to consider the context of terrorism and its impact on the human rights of Israeli civilians.

### Council on Ethics for the Government Pension Fund

The Ethical Council is a quasi-judicial framework within the Norwegian Ministry of Finance, which examines the investments of the Government Pension Fund. It opens cases based on allegations advanced by interest groups, investigates alleged violations of international law, and issues ruling on divestment.

With respect to Israel, NGO Monitor's research demonstrates that the Ethical Council lacks credibility and moral standing, singling out Israel from all other countries involved in global conflicts and ignoring terrorism perpetrated against Israeli civilians. The Council's targeting of Israeli companies and companies that do business in Israel is based on the claim that corporations are bound by the Geneva Conventions, a principle that has **no foundation in international law and has been consistently denied by courts in several countries.**

Established in 2004, the [Norwegian Council on Ethics for the Government Pension Fund](#) is an independent body comprised of five members appointed by the Ministry of Finance. It evaluates the adequacy of companies in the Government Pension Fund's portfolio according to the [Ethical Guidelines](#). The Council may decide to exclude certain companies from investment, to observe further, or to re-admit previously banned companies.

- The Council originated in 2004, as a part of a comprehensive SRI initiative launched by the Norwegian Ministry of Finance to examine oil sector investments.
- According to its [Ethical Guidelines](#), the Council can examine companies involved in the production of "weapons that violate fundamental humanitarian principles through their normal use"; tobacco; the commerce of weapons with states subject to embargo; and companies that contribute to violations of human rights, environmental damage, corruption, and other "particularly serious violations of ethical norms."
- Cases are [identified](#) by request of the Ministry, the Council, and interest groups.
  - The quasi-judicial procedures of the Council do not fully respect due process:
    - While the Council does request information from companies it reviews, it is unclear the extent to which the Council attempts to obtain company participation in the process, despite the reputational and economic damage of a negative decision.
    - Although the Ethical Guidelines require disclosure of information sources, it is unknown to what extent the "investigated" company is given the opportunity to present a defense.
    - Each year the Council reviews the state of progress of each company, but details on an appeals process or a procedure of "de-listing" are not publically available.
  - The Council decides on matters of fact and law, and the Guidelines require the collection of adequate information before deciding on a specific case. However, the Council relies on distorted interpretations of humanitarian and human rights law, and its brief legal arguments cite partial legal and factual sources.
  - Furthermore, the Council rejects the established principle in international law that corporations are not bound by human rights treaties or the Geneva Conventions. All courts that have examined this issue have ruled that only States, and not companies, are are governed by Geneva and Human Rights Conventions.
    - In [December 2011](#), the Council adopted a resolution to exclude the Israeli company "Shikun & Binui Ltd" from investment, alleging breaches of Geneva Law through construction activities in East Jerusalem and the West Bank.
    - Courts in [France](#), [Canada](#), and the [UK](#) have explicitly found that there is no international law prohibiting business operations over the 1949 armistice lines. A [court in France](#) and the [advertising board in the Netherlands](#) also found that it was

defamatory to claim a company selling goods or operating over armistice lines was acting “illegally” or in violation of international law.

- In its political (not legal) argument against corporate activity in settlements, the Council relies heavily upon the discredited 2004 International Court of Justice advisory opinion on Israel’s security barrier. The opinion was orchestrated by the Arab League and the Organization of the Islamic Conference in a politicized process at the UN General Assembly. The decision, which as noted by the ICJ is only of “an advisory character” and “has no binding force,” was criticized by [many legal scholars](#) for being based on a one-sided conclusory mandate, procedural irregularities, completely ignoring the Palestinian suicide bombing campaign, and faulty interpretations of international law. Moreover, the opinion did not address liability of corporate activity in any way.
- According to the [Ethical Guidelines](#), the Ministry of Finance “shall consider whether other measures may be more suitable for reducing the risk of continued norm violations or may be more appropriate for other reasons.” Yet, in its capacity as a quasi-judicial body, the Council does not issue recommendations other than divestment from companies. It is unclear whether the Council does not consider other possible measures, in contravention to its mandate, or it does but due to a lack of transparency the Ministry of Finance does not publicize these decisions.
- Furthermore, the Council repeatedly states in its decisions that exclusion from investment does not constitute a form of “punishment,” but instead aims to prevent the Global Fund from financing activities in breach of international law. Yet, the reputational and economic damage caused by a negative decision could clearly be characterized as a “punishment.”
- The Ethical Guidelines require the Council to consider “the severity and extent of the violations, the connection between the norm violations and the company in which the Fund is invested.” However, as noted, the Council does not provide evidence of how companies’ activities in the West Bank are in breach of international law.
- After the Ethical Council [banned](#) the Israeli company Africa Israel from investment in 2009, for its involvement in the construction of Israeli settlements through its subsidiary Dania Cebus Ltd., Finance Minister Sigbjørn Johnsen asked the Council to explain the degree of the company’s involvement in allegedly illegal activities, the direct damage caused, and the victims suffering from the alleged breach. In its response ([March 9, 2010](#)), the Council stressed that in deciding whether to exclude a company, “it is not necessarily the companies’ own activities that are problematic, but rather the fact that violations take place where the companies operate.” As such, the Council seems to adopt a punitive policy based on political considerations and State conduct, rather than legal principles and direct activities conducted by the company.
- The Ethical Council’s allegations regarding supposed illegal activity by corporations and the damage caused to the company as a result may amount to defamation and/or tortious interference with business contracts and may expose the Council, its members, and advisors to legal liability.
- Divestment from Elbit, as well as the campaign against G4S (see below), reflect an attempt to punish Israel and the companies for defending civilian populations from terrorism. Failure to take into account the human rights and protections of Israeli civilians caused by Palestinian terrorism, is in itself unethical.

**Divestment Cases at the Council**

The Israel-related companies that were analyzed by the Council for possible exclusion from investment are listed in the table below. In each case, a wide network of NGOs lobbied the Ethical Council to adopt an anti-Israeli agenda.

As of September 17, 2014, the Ethical Council has only blacklisted three companies under the category “Serious violations of the rights of individuals in situations of war or conflict” – all of which are Israeli.

Company	Year	Ground	NGOs involved
Shikun & Binui Ltd.	<a href="#">2011</a>	Alleged violations of Geneva law through construction activities in East Jerusalem (Talpiyot, Har Homa) and the West Bank (Ma’aleh Adumim).	<ul style="list-style-type: none"> <li>No information disclosed.</li> </ul>
Africa Israel and Dania Cebus Ltd.	<a href="#">2009</a> , <a href="#">revoked</a> in April 2013 and reintroduced in <a href="#">November 2013</a>	Alleged violation of Geneva law for construction in Israeli settlements.	<ul style="list-style-type: none"> <li><a href="#">In September 2013</a>, Adalah-NY, the Palestinian BDS National Committee, the Civil Coalition for Palestinian Rights in Jerusalem, and the Palestinian anti-Apartheid Wall Campaign, conducted a <a href="#">lobbying campaign</a> to request a reintroduction of the ban.</li> <li>As <a href="#">reported</a> by Adalah-NY, both Norwegian People’s Aid and the Norwegian Union of Municipal and General Employees <a href="#">supported</a> the boycott campaign.</li> </ul>
Elbit Systems Ltd.	<a href="#">2009</a>	Violations of Geneva law through the supply of monitoring devices and major components of the security barrier, deemed “illegal”.	<ul style="list-style-type: none"> <li>On May 14, 2009, Israel Social TV, <a href="#">Mossawa</a>, <a href="#">Machsom Watch</a>, <a href="#">Women against Violence</a>, and <a href="#">Coalition of Women for Peace</a> sent a <a href="#">letter</a> to the Council on Ethics of the Norwegian Government Pension Fund, petitioning the Fund to divest from Israeli corporations that allegedly “provide specifically designed equipment for the surveillance and repression of Palestinian population through restrictions of</li> </ul>

			<p>movement and collective punishments; or take part in the illegal exploitation of Palestinian nonrenewable natural resources for the needs of the Israeli market.”</p> <ul style="list-style-type: none"> <li>At the same time, radical Palestinian NGO Stop the Wall published “<a href="#">The investment of the Norwegian Pension Fund in Elbit Systems: Human Rights and International Humanitarian Law violations in Palestine.</a>”</li> </ul>
Israel Electric Company (IEC)	<a href="#">2008</a> , dismissed	Cuts to Gaza electricity supply since the 2007 blockade imposed by Israel. The Council decided that IEC’s inconsistent electricity cuts did not constitute a violation of international legal norms.	<ul style="list-style-type: none"> <li>In <a href="#">April 2008</a>, the Council was solicited by Norwegian People’s Aid and the local NGO “Palestinevenner” (Friends of Palestine) from the city of Halmar, part of a larger network <a href="#">Palestinakomiteen</a>, to inquire about IEC involvement in electricity supply reduction to Gaza since the 2007 blockade.</li> <li>The Council gathered information from the Israeli NGO Gisha, which in 2008 published a series of reports that <a href="#">accused</a> Israel of “collective punishment” and violations of international humanitarian law with regards to electricity and fuel cuts in response to rocket fire from Gaza.</li> <li>NGOs continued BDS campaigns in spite of the Council’s rejection of their petition to ban IEC. In 2009, the Palestinian NGO Badil published a <a href="#">report on the Norwegian Pension Fund investment in Israeli companies</a> in which it accused IEC, Nesher Israel Cement Enterprises Ltd., and Emblaze Ltd. of accomplice to gross violations of international law. The report called upon the Fund to divest from these companies.</li> </ul>
Bank Hapoalim; Emblaze Ltd;	<a href="#">2006</a> , dismissed	Alleged involvement in	<ul style="list-style-type: none"> <li>The Council was solicited by the religious organization “Council on</li> </ul>

Teva Pharmaceutical Industries Ltd; Caterpillar Inc.		"settlement activities."	Ecumenical and International Relations" of the Church of Norway.
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**Main actors involved in BDS campaigns affiliated with the Ethical Council**

- Both NGOs and SRI (socially responsible investment) companies are major actors in advancing anti-Israeli boycotts and influencing the divestment decisions adopted by the Ethical Council.
- The Council does not give full account of the contact it has with these groups. As showed above, political NGOs play a pivotal role in lobbying the Ethical Council to review specific cases and in providing unfavorable information.
- NGOs that lobby the Council include Norwegian organizations, such as Norwegian People’s Aid, cooperating with the Norwegian Union of Municipal and General Employees (Fagforbundet), the Palestinakomiteen, and the Ecumenical Council of the Church of Norway; Israeli NGOs, including [Gisha](#) and [Who Profits](#) (originally as a project of Coalition of Women for Peace, then independently); Palestinian NGOs, such as [Addameer](#) and [Badil](#); as well as the US-based Adalah-NY. Several of these organizations receive [significant funding](#) from the Norwegian government.
- Norwegian People’s Aid claims to be a humanitarian and development NGO, implementing several programs in the Palestinian Authority that are [funded](#) by the Norwegian Foreign Ministry (through its development agency NORAD) and by the Fagforbundet trade union. Norwegian People’s Aid is a prominent BDS actor that falsely [accuses](#) Israel of “war crimes,” and [promotes](#) a rejectionist Palestinian narrative of “nakba” and a so-called “right of return.”
  - Erik Finn Thoresen, Norwegian People’s Aid director, is a prominent BDS campaigner. He advanced a [BDS campaign](#) in the General Confederation of Trade Unions in the Bergen district in 2008, which eventually adopted the BDS strategy.
  - In 2013, Norwegian People’s Aid published the [report](#) “Dangerous Liaisons: Norwegian Ties to the Israeli Occupation,” in cooperation with its donor Fagforbundet, the Norwegian Union of Municipal and General Employees.
- Fagforbundet is a funder of Who Profits, which [reported](#) to have received more than 42,000 NIS (approximately 73,000 NOK) from the union in the first quarter of 2014.
- [Palestinakomiteen](#) is a network of Norwegian pro-Palestinian organizations active in the Israel and Palestinian Authority. This network is committed to the [demonization](#) of Israel, reviving the discredited canard that Zionism is “racism”, declaring Israel an “apartheid” state, and actively [promoting BDS](#).
- The Ecumenical Council of the Church of Norway says it is dedicated to Christian inter-denominational dialogue. However, together with Norwegian Church Aid, it [promotes BDS](#). The Norwegian Church Aid is member of ACT Alliance and the Ecumenical Accompaniment Programme in Palestine and Israel (EAPPI).
  - [ACT Alliance](#) is an umbrella organization of protestant churches aid associations that promote boycotts of Israeli companies.
  - [EAPPI](#) is an initiative of the [World Council of Churches](#), launched in 2000 at the request of Palestinian Christian churches, to provide civilian accompaniment and human rights monitoring. [EAPPI shares the policy of the World Council of Churches](#) on Israel/Palestine, which also includes BDS advocacy as advanced

by the [Palestine Israel Ecumenical Forum](#), a Christian Palestinian organization that promotes anti-Israel theology.

- EAPPI published a [report](#) in 2010 that declared Israeli settlements a major obstacle to peace and falsely accused Israel of stealing water resources. In 2012, EAPPI published "[Faith Under Occupation](#)," which endorsed the Kairos Palestine document. The Kairos Palestine document, drafted in 2009 by a group of Palestinian Christian clergy, calls for BDS, denies the Jewish historical connection to Israel in theological terms, and solely blames Israel for the conflict. Its purpose is to rally churches globally to support BDS, delegitimization, and demonization directed at Israel.
- SRI (Socially Responsible Investment) groups also have strong ties to the Ethical Council and NGOs, and provide what they style as "legal advice" on responsible investment issues. The opinions provided by SRI companies are not disclosed, reflecting the non-transparency of the decision-making process. These groups include the International Law Policy Institute and SIGLA.

#### **International Law Policy Institute (ILPI)**

- ILPI is a [consultancy institute](#) that claims to conduct analysis and research on international and human rights law. Several ILPI members are connected to the Ethical Council or to NGOs active in BDS campaigns.
- [Gro Nystuen](#), ILPI senior partner, is a former Norwegian Ethical Council member.
- [Cecile Hellestveid](#), ILPI senior advisor on Israel/Palestine and humanitarian law. She is a [member of the Norwegian Refugee Council Board](#), and former researcher for the Norwegian Agency for Development and Cooperation.
- [Christian Holmboe Ruge](#), arms program director, and state and NGO policy advisor, worked for Norwegian People's Aid (1997-2001).
- ILPI [clients](#) include: Norwegian Pension Fund Council of Ethics, Norwegian Refugee Council, Ministry of Foreign Affairs, NORAD (The Norwegian Agency for Development and Cooperation), and Nordea (see below).
- ILPI was also involved in the establishment of the [Palestinian Independent Commission on Human Rights](#), a Palestinian human rights organization that [accused](#) Israel of "war crimes" during the 2014 Gaza conflict.
- Funding information is not transparent.

#### **SIGLA**

- [SIGLA](#) is a responsible investments firm based in Norway. Its founder and director Ylva Lindbergh is currently a member of the Norwegian Ethical Council.
- Among its clients: Hydro, whose board of directors includes Ethical Council member Ms. [Bente Rathe](#), also involved in the G4S divestment case (see below) ; Nordea (see below); the Norwegian Ministry of Foreign Affairs; NGOs such as Save the Children and the Red Cross; and the SRI company Ethix that was involved in Danish divestment campaigns.

#### **Industri Energi Trade Union: G4S divestment**

- The Industri Energi Trade Union represents oil and mine companies, including those with a presence in Arab countries and Iran – such as Hydro (with a [regional office](#) in Qatar), whose board of directors include Ethical Council member Ms. [Bente Rathe](#).
- In February 2013, the union adopted a [resolution](#) to divest from the international company G4S for operating in Israel. This company provides electronic security devices

used in the security barrier protecting Israel from Palestinian terrorist attacks emanating from the West Bank.

- This decision followed the [2013 resolution](#) of the Norwegian Federation of Trade Unions (*Landsorganisasjonen i Norge*, LO) that endorsed BDS and a campaign that was advanced by political NGOs such as Addameer ([linked to the PFLP terror group](#)) and the pro-Palestinian network Palestinakomiteen (see above).
- The Norwegian campaign against G4S began in February 2012 with a [fact sheet](#) published in 12 languages by the Palestinian NGO Addameer. The fact sheet promoted a boycott of G4S products because of their use in Israeli prisons. As part of its agenda, Addameer deems Palestinians serving time in jail as “political prisoners” regardless of whether they have perpetrated and been convicted of serious criminal offenses including mass murder.
- In September 2013, the University of Oslo divested from G4S services after a [campaign](#) initiated by the Students’ Palestine Committee, and later approved by the Students’ parliament.
- In October 2014, the Palestinakomiteen began a [campaign](#) against G4S in cooperation with the Norwegian People’s Aid and the Fagforbundet trade union (the major partner of the LO). Signatories of the campaign included Industri Energi and other LO members.

#### Nordea divestment resolutions

- The Norwegian bank Nordea maintains a Responsible Investment Committee to review the company’s business relationships allegedly in line with international norms. The Bank’s investment [policy regarding Israel](#) excludes companies that do not comply with its “corporate social responsibility” standards. Under this policy, the Committee reviews companies that are alleged to be engaged in “settlement activities,” involved in extraction industries in the West Bank, and provide products and services to Israeli security infrastructure. None of these activities, however, is [illegal under international law](#). Responsive measures include dialogue with and divestment from companies.
- In August 2013, Nordea [excluded](#) Cemex for alleged extraction of non-renewable resources from the West Bank. This decision was preceded by NGO campaigns against Cemex and Heidelberg Cement.
  - In 2012, Norwegian People’s Aid, together with Norwegian Union of Municipal and General Employees, published the [report “Dangerous Liaisons,”](#) accusing Heidelberg Cement and Cemex of “supporting the occupation.”
- In 2013, Nordea [engaged](#) in discussions with Bank Hapoalim, Heidelberg Cement, and Hewlett Packard (HP), as potential targets for divestment.
  - In November 2013, Who Profits published a [report](#) on Israeli banks’ – including Bank Hapoalim – involvement in financial assistance to what it deems illegal settlement activities.
- Nordea is a [client](#) of SIGLA (see above), a SRI company whose founder and managing director, Ylva Lindbergh, is currently a member of the Norwegian Ethical Council. Nordea’s other [SRI partners](#) are Ethix and Hermes, which have been involved in BDS campaigns. These connections demonstrate a wide network of divestment actors, including SRI companies and NGOs that partner to promote BDS in Norway.