

# Dangerous Liaisons

NORWEGIAN TIES TO THE ISRAELI OCCUPATION



Norwegian People's Aid



FAGFORBUNDET

## FOREWORD



This report is a result of a collaboration between the Norwegian Union of Municipal and General Employees (NUMGE/Fagforbundet) and Norwegian People's Aid (NPA) in support of Palestinians in the Middle East. The collaboration is scheduled to last for a four-year period from 2009 to 2013. Together we give added support to NPA's programmes for local Palestinian organisations fighting for their rights in Lebanon, the Gaza Strip and on the West Bank. We also maintain a focus on ensuring that Norwegian society contributes to putting an end to the Israeli occupation and Israel's repeated breaches of United Nations resolutions and conventions. This report is part of that work.

Israel's occupation is the greatest obstacle to a just peace between the Palestinians and Israel. One necessary step on the way is for the government to ensure that Norway does not contribute to the occupation by means of investment in, trade with or direct support of Israeli settlements. Companies must also make responsible ethical choices. We hope and believe that this report, and its recommendations, will contribute to this end.

*Jan Davidsen, President, Norwegian Union of Municipal and General Employees*

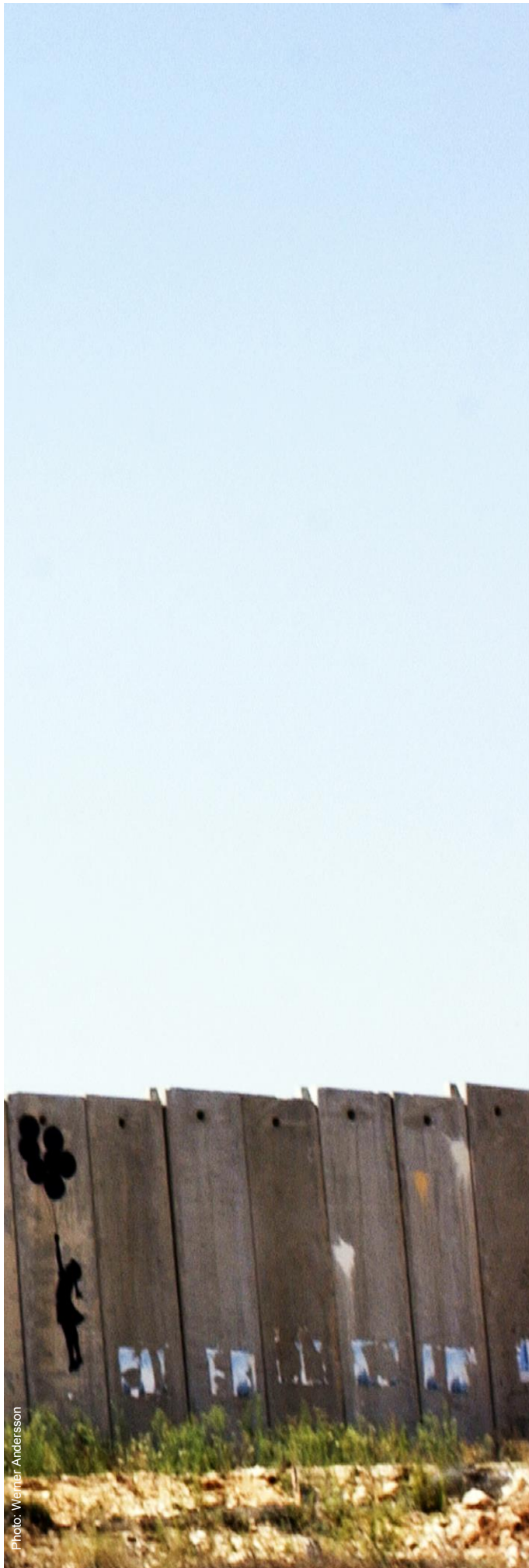
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## SUMMARY AND RECOMMENDATIONS

This report demonstrates that Norwegian authorities and companies, through financial investment and trade, are involved in activities that contribute to Israel's breaches of international law and human rights in relation to the occupation of the West Bank and Gaza Strip. The report further reveals how groups in Norway give direct support to the occupation by means of monetary transfers to individual settlements.

The chapter on investments examines the Government Pension Fund of Norway – Global (GPFG) and 13 private Norwegian banks and investment funds, looking at their investments in companies which are complicit in the occupation and related violations. The GPFG has investments in 48 companies involved in activities that can be linked to the occupation.<sup>1</sup> Of these 48, we consider 12 to be involved in particularly serious violations. These are Alstom, Caterpillar, G4S, Cement Roadstone Holdings, Cemex, Clal Industries and Investment, Heidelberg Cement, Hewlett-Packard, IDB Holding, Israel Electric Corporation, Motorola and Veolia. The affairs in which these are involved include the building of key infrastructure in the occupied Palestinian territories; the provision of essential factors of production for the construction of settlements or the Wall as well as heavy machinery used to destroy Palestinian homes and infrastructure; the extraction of non-renewable natural resources from occupied areas; and the development and provision of technology and systems contributing to Israeli military control and the restriction of freedom of movement. We believe that these companies' activities are in breach of GPFG guidelines.

Private Norwegian banks and investment funds also have investments in several of the 12 companies mentioned above. Some of the banks have already excluded one or more of these companies on the basis of ethical assessments linked to the companies' activities in the occupied Palestinian territories; some are also in dialogue with the companies concerning such reprehensible issues, without selling their stakes. The degree to which banks and investment funds publish information about their exclusions and dialogue with companies varies. We have entered into dialogue with all the banks and investment funds that we have examined. In a number of instances, this dialogue has led to the investments concerned being called into question.

The chapter on trade demonstrates that products manufactured in the occupied territories are sold in Norway. This trade contributes financially to the Israeli settlements and should therefore be stopped. The extent of this trade has now been somewhat reduced in that companies such as Bama, Coop and Vita have ceased buying such produce. Nevertheless, trade still exists with companies whose activities are complicit in violations in the occupied

territories, even if the specific goods imported to Norway are not manufactured there. Norwegian authorities have no clear policy regarding trade in produce from the settlements or trade with companies with activities in the occupied territories. The regulations for labelling and customs clearance of such goods are complicated and inconsistently exercised by Norwegian authorities. Israel, meanwhile, continues to offload the responsibility onto importing countries.

The chapter about financial support to the settlements demonstrates that at least one Norwegian group provides direct monetary support to the development of Israeli settlements. We view this as unacceptable support of Israel's breaches of international law. At the time the Norwegian report was published, the organisation, which undertakes fundraising activities in aid of such support, was subject to the tax-relief scheme for gifts to non-profit organisations. As a result of the organisation's financial support of settlements in the oPt, the Ministry of Finance decided to exclude the organisation from the tax-relief scheme for gifts to non-profit organizations.<sup>2</sup>

**The report presents the following recommendations to Norwegian authorities, banks and investment funds, the business community and private persons:**

## **I. NORWEGIAN AUTHORITIES**

### **Investment**

- i. The Council on Ethics should recommend withdrawal of the Government Pension Fund of Norway – Global from the companies named in paragraph 4.1.3.
- ii. Where withdrawal is either not recommended by the Council on Ethics or not effectuated by the Ministry of Finance, Norges Bank Investment Management should enter into dialogue with the companies with a view to the companies' changing their practice.

### **Trade**

- iii. Norwegian authorities should actively discourage Norwegian companies from importing goods produced in Israeli settlements in the occupied territories and from having any trade relations with the settlements.
- iv. Norwegian authorities should be a driving force in the establishment of regulations to prevent the import of settlement produce to Europe.
- v. In anticipation of regulations to prevent the import of settlement produce, Norwegian authorities must actively contribute to processes on the European level in order to have Israeli authorities take greater responsibility for clearer origin labelling.
- vi. Norwegian authorities must ensure that data relating to imports from Israel, from Israeli economic activities in the occupied territories and from areas governed by the Palestinian National Authority must be generated and presented in such a way in Central Statistics Office data as to make it possible to discern the volume and value of goods imported from the respective areas.
- vii. Norwegian authorities must ensure that the customs authorities have the resources needed to execute controls of goods imported from Israel in order to make certain that goods marked with postcodes of settlements in the occupied territories do not benefit from lower tariff rates under either the EFTA-Israel or EFTA-PLO agreements. Norwegian authorities must also provide clear guidelines as to how, and to what extent, such controls are to be carried out.

### **Settlement financing**

- viii. Norwegian authorities should introduce legislation that makes it illegal for Norwegian citizens and organisations to give financial support to the Israeli settlements.
- ix. Until such legislation is introduced, Norwegian authorities must ensure that organisations providing financial support to the settlements are removed from the list of organisations subject to the tax relief scheme for gifts to voluntary organisations.

## **II. NORWEGIAN BANKS AND INVESTMENT FUNDS**

- i. Norwegian banks and investment funds should withdraw their investments in the companies mentioned in paragraph 4.1.3. and add these companies to their exclusion lists until such time as the companies cease their violations of ethical norms in the occupied Palestinian territories.
- ii. In instances where the banks and investment funds do not consider companies' activities sufficiently serious as to warrant withdrawal, they should enter into dialogue with the companies with a view to the companies' changing their practice.
- iii. Banks and funds should publish exclusion lists and generally practice openness in relation to customers and the public at large where investment portfolios are concerned.

### **III. THE BUSINESS COMMUNITY IN NORWAY**

- i. Norwegian companies and importers should cease trading in goods produced in Israeli settlements and industrial zones in the occupied Palestinian territories.
- ii. Norwegian companies and importers should cease trading with companies that have production facilities or otherwise contribute to serious violations, in the occupied Palestinian territories.

### **IV. PRIVATE PERSONS**

- i. We call upon people not to buy goods produced in Israeli settlements and industrial zones in the occupied Palestinian territories.
- ii. We call upon people not to buy goods from companies that have production facilities or otherwise contribute to serious violations, in the occupied Palestinian territories.
- iii. We call upon private persons with savings in funds to ask their bank or investment fund to check that their funds do not have investments in companies which are active in the occupied territories, and to change fund, bank or investment fund if the funds are so invested and are unwilling to consider excluding these companies from their portfolios.
- iv. We call upon all Norwegian individuals not to give money to Israeli settlements in the occupied Palestinian territories. The settlements constitute one of the greatest barriers to peace between peoples in the Middle East and Norwegian money should not contribute to the expansion or maintenance of the settlements.

The report is published by the Norwegian People's Aid and the Norwegian Union of Municipal and General Employees.

**“Dangerous Liaisons – Norwegian ties to the Israeli Occupation”**

[www.folkehjelp.no](http://www.folkehjelp.no)

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Graffiti on the wall by the Palestinian city Betlehem on the Occupied West Bank.

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# 1 INTRODUCTION AND PURPOSE

This report looks at Norwegian investments, Norwegian trade and Norwegian monetary support which we believe contributes to the Israeli occupation of the West Bank and Gaza Strip. The overriding purpose of the work of which this report is part, is to reduce Norwegian support of the occupation.

The Norwegian government supports a two-state solution. To contribute to the foundation of a Palestinian state has been a declared foreign policy objective for all Norwegian governments for almost two decades. A central premise, which enjoys cross-party support, is that the Israeli occupation of the Gaza Strip and West Bank, including East Jerusalem, is contrary to international law and that the occupation of these territories must come to an end and be replaced with a Palestinian state.

Part of the idea behind this report is to show the flip-side of the coin when it comes to Norwegian support for a Palestinian state. We have investigated the ways in which Norwegian authorities and private Norwegian interests are linked to activities that contribute to breaches of international law and human rights under Israel's occupation.

The preconditions for an end to the occupation and the establishment of a Palestinian state are steadily growing worse. Israel is establishing an ever more extensive permanent infrastructure in the occupied territories with the purpose of this remaining Israeli territory regardless of whether or not a peaceful solution should occur. Increasing numbers of settlers in increasing numbers of settlements, ever stricter control regimes, the building of the Wall on the West Bank and a whole series of military checkpoints and terminals control and prevent Palestinian movement. Settlements continue to take possession of water sources and large areas of land while Israel has established a number of industrial zones in order to provide economic support to the settlements, gain control of strategic areas and exploit natural resources. This means that the economy of the occupation has become integrated within Israel's economy as a whole; at the same time, Palestinian economic development is prevented. East Jerusalem is blocked off from the rest of the West Bank while the Gaza Strip is enclosed and held under a blockade.

This report demonstrates that Norwegian authorities and companies are also linked to this development. We believe that such authorities and companies should see it as their responsibility not to contribute to the Israeli occupation. Nation states are responsible for upholding international law and human rights and companies are responsible for avoiding complicity in violations.

This report provides concrete recommendations to authorities, companies and consumers. In parallel with the research and preparation of this report, we have been in contact with Norwegian authorities, private businesses and organisations and presented the facts and our recommendations to them. We intend to continue this advocacy work after publication of the report. We hope that the report and the work connected with it will contribute to Norwegian authorities and companies severing links with enterprises complicit in violations under the Israeli occupation. In this way, we can contribute to Norway opposing the occupation, not supporting it.

We believe that such authorities and companies should see it as their responsibility not to contribute to the Israeli occupation. Nation states are responsible for upholding international law and human rights and companies are responsible for avoiding complicity in violations.



## 2 LIMITATIONS, DEFINITIONS AND METHOD

The report sets out on the premise that the Israeli occupation is illegal and in breach of international law and that it must come to an end if a just solution to the conflict between Israel and the Palestinians is to be found. An overview of the international frameworks and UN resolutions upon which this premise is based is given in Chapter 3.

The report uses the terms “the occupied territories” or “the occupied Palestinian territories” to refer to the West Bank, including East Jerusalem, and the Gaza Strip. We have not investigated investments in, or trade with, Israeli or international companies operating solely within Israel’s borders prior to 1967. Nor does this report focus on the occupied Golan Heights, although some of the companies featuring on the list of companies involved in the occupation of the Palestinian territories are also present in the Golan Heights.

The report further assumes companies to have a social responsibility, and that this responsibility extends not only to a company’s own production and activities and to the production and activities of its sub-contractors but also to companies in which one has ownership interests or other financial investments. We believe that companies have a moral and ethical duty, independent of any purely legal responsibility, to ensure that their own enterprises, and those of any subordinate businesses, respect human rights. More information concerning corporate social responsibility and relevant international frameworks follows in Chapter 3.

According to the Israeli organisation Who Profits, there are over 450 Israeli and international companies whose activities are linked to the illegal occupation. As far as we are aware, no Norwegian companies are directly involved in the occupied territories.

The report presents an overview of existing ties between Norwegian companies and international or Israeli companies which, wholly or in part, have operations in the occupied territories, or which contribute in other ways to maintaining the occupation. An explanation of the selection of companies and an assessment as to how their various operations contribute to the occupation are to be found in the chapters concerning investment and trade. Norwegian investments through the Government Pension Fund – Global, private banks and investment funds are presented in Chapter 4. Norwegian companies’ trade in goods produced in Israeli settlements and industrial zones, and trade links with companies involved in the occupation are presented in Chapter 5. Chapter 5 also examines the framework for customs regulations relating to trade in settlement produce.

In addition to investments and trade, we take a look at fund-raising for Israeli settlements in Chapter 6. The work involved in the Norwegian report was undertaken between November 2011 and March 2012. The editorial processes for the report were completed on 29 March 2012.

The report was written in Oslo and is largely based on the examination of reports and research, information made publicly available from public authorities and private businesses, and dialogue with a raft of organisations, companies and individuals based in Norway, Israel, the occupied Palestinian territories, various European countries and the USA.

Wherever possible, we have attempted to verify, from at least two sources, all the information contained within this report. In a number of cases, however, access to the settlements and industrial zones in the occupied territories proved so difficult that we were unable to find more than one source of information. In the majority of these cases, the main source was the Israeli project Who Profits. Who Profits from the Occupation is a project run by the Israeli group Coalition of Women for Peace. Its purpose is to make public the involvement of Israeli and international companies in the Israeli occupation of Palestinian and Syrian territories. The project has published a database of companies on its website: [www.whoprofits.org](http://www.whoprofits.org). The website includes information about each company's involvement. Who Profits also produces larger single reports on particular companies and sectors and is widely recognised for the quality of its reporting, which is based on first-hand research in Israel and the occupied Palestinian territories.

We have done our utmost to ensure transparency in the work for this report. All the Norwegian companies mentioned within its pages were informed of this beforehand and given the opportunity to provide input. We have been in dialogue with all 13 banks and investment funds discussed in Chapter 4. Prior to publication, they were presented with our findings and given the opportunity to respond. We have also had meetings with the Ethical Council for the Government Pension Fund – Global.

We have communicated by email or telephone or had meetings with all the Norwegian companies mentioned as examples in Chapter 5, concerning trade. The shops in Norway selling SodaStream products, with which we were not in contact prior to publication of the report, constitute the sole exception. In this case there was direct dialogue with the distributor of SodaStream in Scandinavia. Where issues concerning trade and support of the settlements were concerned, we have been in contact with the Ministry of Finance and other relevant government departments.

## Abbreviations used in the report

- CSR – Corporate Social Responsibility
- The Green Line – The ceasefire line between Israel and Jordan from 1949
- ESG policy – Environmental, Social and corporate Governance policy
- UN – The United Nations
- ICC – The International Criminal Court
- ICJ – The International Court of Justice at the Hague
- IDF – The Israeli Defence Forces
- EFTA – The European Free Trade Association
- EEA – The European Economic Area
- ESG principles – Environmental, Social and corporate Governance principles
- EU – The European Union
- MTI – Ministry of Trade and Industry
- OECD – The Organisation for Economic Cooperation and Development
- oPt – The occupied Palestinian territories
- GPF – Government Pensions Fund - Global, commonly known as the Oil Fund
- SRI – Socially Responsible Investments
- The Seam Zone – an expression referring to the areas of land between the Wall and the Green Line.
- DCE – Directorate of Customs and Excise
- MFA – The Royal Norwegian Ministry of Foreign Affairs
- UN PRI – United Nations Principles for Responsible Investment

### 3.1. The Israeli Occupation of Palestinian Territories

Israel has maintained its occupation of the West Bank and Gaza Strip since 1967. According to the Fourth Hague Convention of 1907, Article 42, a territory is considered occupied when it is actually placed under the authority of a hostile army. UN Security Council Resolution 242 calls for the withdrawal of Israeli forces from areas occupied during the Six-Day War in 1967.

For the last few decades, attempts to resolve the conflict over Palestine have centred on negotiations concerning a so-called two-state solution. On the basis of international law, the Palestinians have been calling for an end to the Israeli occupation and the formation of a Palestinian state on the West Bank and Gaza Strip. The Oslo agreement between Israel and the PLO in 1993 did not bring about a Palestinian state, but established limited Palestinian autonomy over parts of the West Bank and Gaza Strip. A solution beyond this was supposed to be found through further negotiations. Under the Oslo agreement, the occupied territories were divided into three different area types: A, B and C. In area A, the Palestinian Independent Authority was to have full civil and security control; in area B, the Palestinian Independent Authority was to have civil control while Israel retained supreme control of security issues; and in area C, Israel was to retain both civil and security control in full.

This has led to a general geographical fragmentation of the occupied territories. Both before and after the Oslo agreement, Israel has moved members of its population into settlements in the occupied territories. This largely concerns area C, which comprises over 60% of the West Bank. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA) in 2007, 38% of the West Bank had been made inaccessible to the occupied population and was under sequestration by dominated by Israeli infrastructure such as settlements, the Wall, military checkpoints and zones, industrial zones and roads.<sup>3</sup>

The costs of the occupation to the occupied Palestinian population are enormous. The occupation itself obstructs the Palestinians' collective right to self-determination, but also brings with it extensive violations of their rights as an occupied civil population under international law, as well as breaches of their human rights. Violence and abuse from Israeli soldiers and settlers, illegitimate deprivation of liberty, illegitimate confiscation and destruction of property and restrictions to freedom of movement are just some of the many circumstances that make life extremely difficult under the occupation. This is particularly the case for the Gaza Strip, which is being held under a blockade. The regime of the occupation also plays havoc with the Palestinian economy through its restrictions on transport and trade.

“The benefits of outsourcing [human rights violations] are legal, political and economic. From a legal perspective, the employment of subcontractors is an effective device since it obfuscates the connection between Israel and the contravening act, making it extremely difficult to hold Israel legally accountable for the violations it sanctions.” Neve Gordon

### 3.1.1 THE “PRIVATISATION” OF THE OCCUPATION

In his book “The Political Economy of Israel’s Occupation”, Israeli economist Shir Hever describes how the Israeli occupation of the Palestinian territories has gone from being profitable to Israel until the 1980s, to a situation today where maintaining the occupation costs more than Israel is able to earn from exploiting resources (natural resources and human resources in the form of cheap labour) from the West Bank, Gaza Strip and East Jerusalem. As a consequence of this, Hever claims that the Israeli occupation entered a new phase around 2002, when the occupation became “privatised”. He goes on to explain that, following the outbreak of the second intifada in 2000, Israel’s military and political leaders attempted to adopt the American methods used in the USA’s “war against terror”. On the basis of other economists’ work, as well as his own research, Hever claims that this included a massive privatisation of many of the tasks previously carried out by the Israeli armed forces, for example, the maintenance of military checkpoints and defence of settlements. Moreover, the 2000s saw the evacuation of settlers from the Gaza Strip, and the beginning of Israel’s construction of the Wall on the West Bank. Hever further explains that this new way of

structuring the occupation did not lead to it becoming “cheaper” for Israel, but that the situation gave rise to countless business opportunities, for private security companies, for example.<sup>4</sup>

In an article from 2002, the year in which, according to Hever, the “privatisation” really gathered impetus, the Israeli social scientist Neve Gordon suggests that one should borrow terminology from the world of business and begin to speak of the “outsourcing” of human rights violations. Although he generally uses examples drawn from internal Israeli affairs, as well as arguing that Israel has outsourced torture and imprisonment without due process of law to the Palestinian Independent Authority, his thesis accurately describes the development we are witnessing ten years later in the ever-increasing “privatisation” of services such as security services, communications, extraction of natural resources etc. in the occupied Palestinian territories. Gordon points out that such outsourcing enables Israeli authorities to cover over their involvement and influence, and makes it possible for the government to abdicate responsibility for human rights violations.<sup>5</sup>

The benefits of outsourcing human rights violations are, Gordon writes, “legal, political and economic. From a legal perspective, the employment of subcontractors is an effective device since it obfuscates the connection between Israel and the contravening act, making it extremely difficult to hold Israel legally accountable for the violations it sanctions. From a political perspective, outsourcing is beneficial because even if the abuses are exposed, they are frequently presented to the public as having been perpetrated by someone else; i.e. the subcontractor. In this manner, subcontracting violations helps a country deflect the “shaming technique”, which is considered by many to be the most effective tool employed by human rights organizations [...] Finally the use of subcontractors is economically advantageous because it enables the country to avoid legal prosecution and political embarrassment, both of which can have an unfavourable effect on capital.”<sup>6</sup>

This development, with the increased involvement of private businesses in the occupation, is one of the reasons why it is so important to spotlight Norwegian links to the occupation and focus on the responsibility of both the state and private businesses.

### 3.1.2 THE SETTLEMENTS AND THE WALL IN THE OCCUPIED TERRITORIES<sup>7</sup>

Today there are around 100 so-called “outposts”, which are not sanctioned by the Israeli government, and 150 Israeli settlements on the West Bank and in East Jerusalem. There are estimated to be around 500,000 settlers. Growth in the settler population (aside from East Jerusalem) over the last decade has had an annual rate of 5.3%. In comparison, population growth in Israel over the same period stands at 1.8%.

Whilst enclosed or patrolled settlement areas cover 3% of the West Bank, 43% of the West Bank is rendered inaccessible to Palestinians as a consequence of areas being allocated to the settlements’ local and regional “councils”. Almost all the land regarded as “state land” by Israel (27% of the West Bank) has been allocated to the settlements and is not accessible to the local population. According to Israeli land-ownership registers, approximately one third of the land inside the settlements’ outer boundaries is privately owned by Palestinians.

More than 60% of the Palestinian-owned houses destroyed by Israel in 2011 – on the pretext of lacking building permits – were in areas allocated to the settlements. In 2011, five Palestinians (including two children) were killed and over 1000 wounded (almost 20% of them children) by either Israeli settlers or security forces in events directly or indirectly related to settlements (including demonstrations). From 2005 to 2010, more than 90% of cases involving violence from settlers investigated by the Israeli police were dropped without reaching a judgment.

There is broad international agreement that the Israeli settlements on the West Bank and in East Jerusalem are illegal. Israel subscribed, without reservations, to the Fourth Geneva Convention in 1951 and is thereby duty-bound not

to move its own civilian population into occupied areas. The Fourth Geneva Convention, Article 49 states, among other things, that “The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies.” In addition to Article 49, as mentioned above, the UN Security Council has issued a number of resolutions stating the illegality of the settlements, among them resolutions 446 (1979), 452 (1979), 465 (1980), 471 (1980) and 476 (1980).

Since 2002, Israel has been constructing a wall on the West Bank, 85% of the overall length of which is on occupied land. The total length of the Wall will be around 708 kilometres, of which 70% has now been completed or is under construction.<sup>8</sup> According to Israel, the official purpose for the Wall is security. In practice, the Wall establishes a new geographical border. It snakes around a large number of Israeli settlements and many water sources on the West Bank, which thereby become inaccessible to Palestinians. A large section of the West Bank – 9.4% – is isolated and several thousand Palestinians have been “imprisoned” in the so-called Seam Zone on the west side of the Wall. A large number of villages have lost access to their fields on the opposite side of the Wall and Palestinian movement and development is obstructed.

In its 2004 advisory statement concerning the legality of the Wall on the West Bank, the International Court of Justice (ICJ) confirmed that the Wall which is built in occupied territories is in breach of international law. ICJ also assessed the legality of the Israeli settlements as follows: “The court concludes that the Israeli settlements in the Occupied Palestinian Territory (including East Jerusalem) have been established in breach of international law”.

### 3.1.3 INDUSTRIAL ZONES IN THE OCCUPIED TERRITORIES<sup>9</sup>

There are more than 19 Israeli industrial zones in the occupied territories, either linked to a settlement or more or less “independent”. Some of the largest, and most important, are Alfei Menashe, Barqan, Binyamin, Gush Etzyon, Kadumim (aka. Baron), Mishor Adumim, Shahak, Shim’a (aka. Meitarim), Atarot industrial zone in East Jerusalem, Ariel West, Nitzanei Shalom, Shilo, Karney Shomron, Ma’ale Efrayim, Alon Moreh, Halamish, Nili, Ptza’elm and Kiryat Arba.<sup>10</sup>

These industrial zones contribute economically to the settlements, and thus to maintaining the occupation, both through creating jobs and economic development by means of industry and by paying communal taxes to the settlements to which they are linked. The industrial zones are recipients of various types of subsidies and support from Israeli authorities. For example, companies that establish themselves in the industrial zones usually pay lower taxes and low rental costs. According to the Israeli organisation B’tselem, the average Israeli government investment in setting up an industrial zone is around ILS/NIS 20 million<sup>11</sup> (approximately NOK 30 million). The same organisation estimates that, between 1997 and 2001, 22% of Israel’s total investment in industrial areas went to industrial zones in the occupied territories.<sup>12</sup> Israel classifies all industrial zones as economic national priority areas. In the context of the occupation, the tax incentives and other benefits of being classified as economic national priority areas must be seen as an active policy on behalf of the Israeli authorities to expand the settlements and strengthen the occupation. B’tselem provides the example of a company establishing itself in the Ariel industrial zone and paying NIS 41 per sq. metre whilst another company, establishing itself instead in Rosh Ha’Ain – ten minutes’ drive away but within the pre 1967 Israeli

border – pays as much as NIS 87 per sq. metre.<sup>13</sup> Corporate Watch also points out that the Mishor Adumim website, as just one example, uses information concerning precisely these benefits to attract new companies.

The major problem with the industrial zones is that they contribute directly to both the expansion and maintenance of the occupation in the sense that they are Israel's way of creating what are called "facts on the ground" in the occupied territories. In addition to this overriding problem, there have also been considerable challenges in relation to workers' rights (many of the workers in the industrial zones

are Palestinians) and pollution. Not until 2007 was it determined by the Israeli High Court that the Israeli working environment act should also apply to Palestinians working for Israeli employers in settlements or industrial zones on the West Bank.

This means that, for the last five years, Palestinian workers have been entitled to Israeli wage minimums, pay-slips, holiday pay and health insurance schemes.

In relation to the High Court judgment, Kav LaOved, an organisation working for the rights of so-called underprivileged employees in Israel – such as Palestinians and immigrant workers– stated that,

although the judgment in itself was positive, it was nevertheless incompatible with international law, which determines that an occupying power may not force through or enforce its own legislation upon the occupied population.<sup>14</sup> The situation described in the case-study of Mishor Adumim is largely typical of the other industrial zones.

A majority of the companies we describe in this report have connections either with the settlements, the industrial zones or both, and thus directly support the continued Israeli occupation of the Palestinian territories.

## MISHOR ADUMIM INDUSTRIAL ZONE

The Mishor Adumim industrial zone is on the West Bank, just outside Jerusalem, and is one of the largest industrial zones. Mishor is linked to the Ma'ale Adumim settlement, the third largest and fastest growing settlement on the West Bank. The settlement is built on land belonging to the Palestinian villages Abu Dis, Al-Iziyyeh, Al-Issawiyyeh, Al-Tur and Anata. In 2011, Ma'ale Adumim had 39,000 inhabitants. Both Ma'ale Adumim and Mishor are part of the controversial "East 1" project initiated by Yitzhak Rabin in 1995. The purpose of the project in practice is to cut the connection between Jerusalem and the West Bank by expanding the settlement/industrial zone.

This will further erode possibilities of a viable Palestinian state. The mayor of Ma'ale Adumim, Benny Kashriel, has expressed a dream of "building Adumim all the way to Jerusalem [...], legally being regarded as part of Israel but being economically independent of Jerusalem. Thanks to Mishor Adumim, this will be achieved".

The industrial zone is under the management of the Ma'ale Adumim Economic Development Company Ltd. According to Corporate Watch, this company cooperates closely with the Israeli Land Administration to encourage expansionist settlement activities in the area. A subsidiary (the Ma'ale Adumim Planning and Development Company Ltd.) is also responsible for a disposal site established on land belonging to the Palestinian village of Abu Dis. This disposal site receives waste from Ma'ale Adumim, Jerusalem and the surrounding areas.

Altogether there are a total of over 170 businesses in the Mishor Adumim industrial zone. The majority are involved in the production of plastics, cement, leather and textile-dyeing, cleansing agents, aluminium and galvanisation. Like many other industrial zones on the occupied West Bank, Mishor thus has a great deal of industry that produces contaminated waste.

One of the companies that we talk about in Chapter 5 concerning trade, SodaStream, and which sells its products in countless stores in Norway, has production facilities in Mishor Adumim. Other companies present in Mishor include Mayer's Cars and Trucks – the official representative for the Volvo Group in Israel – and Shufersal, a supermarket chain in which the GPFG owns shares to a value of NOK 9.2 million.

### 3.1.4 THE JORDAN VALLEY<sup>15</sup>

The Jordan Valley is an area on the west bank of the River Jordan in the occupied Palestinian territories. The Jordan Valley is a fertile area with important land- and water resources, including one third of all subterranean water reserves in the occupied West Bank. The area covers about 30% of the West Bank and UN OCHA estimates that around 60,000 Palestinians live in the Jordan Valley. The majority of these live in Jericho and surrounding villages. Despite the fact that over 60,000 Palestinians live in the area, 87% of the land in the Jordan Valley is classified as "Area C", which are under full Israeli control. Almost all of this land is earmarked for the Israeli armed forces or Israeli settlements and Palestinians have no right to use the areas. In addition, a further 7% is a designated "nature reserve" under the Wye River Memorandum, from 1998.

This means that only 6% of the land area in the Jordan Valley is available for Palestinian use. Around a quarter of the 60,000 Palestinians living in the Jordan Valley live in area C. This includes 7,900 Bedouins and herdsmen. A further 3,400 Palestinians live wholly or partly in the closed military zones in the area. These Palestinians live at great risk of being displaced from their homes.

There are currently 37 Israeli settlements in the Jordan Valley with a total number of inhabitants around 9,500. All these settlements are in breach of international law as detailed in the chapters above. In 2011, an Israeli offensive destroyed over 200 Palestinian-owned homes in the area, resulting in 430 Palestinians being driven from their homes and the livelihoods of a further 1,200 being negatively impacted. Entry to the area is regulated by means of six access roads. Four of these roads are

controlled by Israeli military checkpoints. Palestinians without residence permits to live in the Jordan Valley are not allowed in the area without special permission from the Israeli authorities. This means, for example, that Palestinians from the West Bank without specific residency in the Jordan Valley must obtain special permits to drive along the main road (Route 90) running north-south along the valley. The Palestinian population of the Jordan valley is particularly affected by the military road-blocks and checkpoints and, in a survey undertaken by the Save the Children Fund in 2009, only 4% of Palestinian inhabitants said that the restrictions did not affect their opportunities to market or sell their agricultural produce. The corresponding figure in the same survey for all Palestinians on the West Bank was 34%. Owing to good soil, easy access to water resources and a number of other favourable climatic conditions, the Jordan valley and the northern Dead Sea area are excellent agricultural lands. Agriculture in the Israeli settlements in the area is intensive and continues throughout the year. It is largely controlled by computers and can change the types of crops grown in response to demand from local or international markets. The settlements here receive support from the Israeli Ministry of Agriculture for, among other things, new technology and methods of tackling the degree of salinity in the soil.

Figures from 2011 show that the settlements in the area annually sell agricultural produce worth around NIS 500 million (ca. NOK 760 million). Produce from the settlements includes dates, grapes, capsicums, tomatoes, citrus fruit, olives and herbs. Hadiklaim, which exports dates to Coop, draws around 60% of its date production from this

area. Mehadrin, which exports to both BAMA and Coop, also buys produce from settlements in this area, while Edom UK, a BAMA supplier, has a packing plant in the Tomer settlement in the Jordan Valley.

In great contrast to the success of the agricultural producers in the settlements of the Jordan Valley, the Palestinians, owing to the many restrictions mentioned in this chapter, face considerable challenges concerning agriculture. Only one eighth of the agricultural land to which Palestinians have access is used to cultivate fruit and vegetables. Reductions in water resources available to Palestinians mean that costs to farmers have risen while harvests are not as good as before and their goods are unable to compete in the marketplace with settlement produce or the produce of Palestinian farmers elsewhere on the West Bank.

The World Bank has estimated that if the Palestinians were given access to 50,000 dunams, representing 3.5% of the area C, with the accompanying water resources, they would be able to develop a modern agricultural industry with an annual income worth up to one billion dollars (over NOK 5.5 billion).

The fact that the Palestinians have limited or no access to the Dead Sea has also prevented the development of industry and other businesses that might otherwise have been an important source of both income and jobs. While the Palestinians have had no opportunities for starting such businesses in the area, Israeli settlements in the Jordan Valley have been allowed to develop agricultural operations, mineral extraction, tourism and other enterprises, all of which bring in considerable income.<sup>16</sup>

## 3.2. International and Norwegian Frameworks for Corporate Social Responsibility (CSR)

In parallel with the increasing power of multinational companies in a global perspective, there has been an increasing focus over the last 10-15 years, both in international fora such as the UN and in Norway, on the responsibilities companies bear towards society, often referred to as CSR – Corporate Social Responsibility.

We have seen the way in which private business interests increasingly contribute to maintaining the Israeli occupation and will below examine frameworks for CSR.

Questions as to when, to what extent and in which way companies may be held morally or legally accountable for human rights violations have become more important as large multinational companies with complicated ownership structures and global reach increasingly have a direct influence on people's lives. It is also worth pointing out that this often happens in countries where the state does not have the will or capacity to protect their own people against human rights violations.<sup>17</sup> At the same time, several frameworks for CSR have been established. These include the UN Global Compact and Guiding Principles, OECD Guidelines for Multinational Enterprises, the UN-supported initiative Principles for Responsible Investments (PRI) and, here in Norway, the Ethical Trading Initiative (IEH).

These frameworks have established a norm which suggests that companies, as well as nation states, are responsible for respecting human rights; that companies also have a responsibility not to contribute to breaches of international law. It is now generally accepted that companies are responsible for what occurs within their own operations and it is largely accepted that this responsibility does not stop there but

must be extended throughout the company's supply chain or "value chain".

On this basis, we believe that Norwegian companies have a responsibility if they import goods produced in Israeli settlements and industrial zones in the occupied Palestinian territories. Further, we believe that companies are responsible if they trade with or invest in companies with production facilities or other activities in the occupied Palestinian territories and which are thus complicit in breaches of human rights and international law. Some of the most important initiatives and frameworks are summarised below.

In 2000, the UN launched the initiative **Global Compact**.<sup>18</sup> This is a strategic policy initiative for companies wishing to include the ten universally accepted principles of Global Compact – among them principles concerning human rights and anti-corruption – into their strategies and operations. The first and second principles call on businesses to support and respect the protection of internationally proclaimed human rights and to make sure they are not complicit in human rights abuses.<sup>19</sup> To date, over 8000 companies and organisations from over 130 countries have subscribed to Global Compact. In 2005, the UN Special Representative for Human Rights and Business Enterprises, John Ruggie, started work on a framework and a set of principles in this area, later known as the "Protect, Respect and Remedy Framework". In July 2011, the UN Human Rights Council passed a resolution approving "The Guiding Principles on Business and Human Rights: Implementing the United Nations Protect, Respect and Remedy Framework", which thereafter became known as the **UN Guiding Principles**.<sup>20</sup> In his 2010 report to the UN Human Rights

Council, Ruggie sums up the framework as follows: "It rests on three pillars: the State duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation and adjudication; the corporate responsibility to respect human rights, which means to act with due diligence to avoid infringing on the rights of others; and greater access by victims to effective remedy"<sup>21</sup>. The relationship to international humanitarian law is also covered by Ruggie who, in his 2011 report to the UN Human Rights Council, writes: "...in situations of armed conflict enterprises should respect the standards of international humanitarian law". Where the question of responsibility in the supply chain is concerned, Ruggie discusses this in the aforementioned 2010 report thus: "What is the scope of this responsibility? What acts or attributes does it encompass? Scope is defined by the actual and potential human rights impacts generated through a company's own business activities and through its relationships with other parties, such as business partners, entities in its value chain, other non-State actors and State agents. *In addition, companies need to consider how particular country and local contexts might shape the human rights impact of their activities and relationships [our italics]*"<sup>22</sup>. This was further confirmed in Ruggie's report to the Human Rights Council in 2011: "The responsibility to respect human rights requires that business enterprises: ... (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts"<sup>23</sup>.



In 2011, the Organisation for Economic Co-operation and Development (OECD) updated their **Guidelines for Multinational Enterprises**. These guidelines consist of recommendations from governments to multinational companies. The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.<sup>24</sup> The updated version of the guidelines from 2011 puts increased emphasis on enterprises responsibility for carrying out so-called risk-based due diligence and responsible supply chain management. The guidelines state that, among other things, a company should:

- Seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship [...]
- [...] to encourage, where practicable, business partners, *including suppliers and subcontractors* [our italics], to apply principles of responsible business conduct compatible with the guidelines.

Moreover, the guidelines deal specifically with a company's responsibility where respecting human rights is concerned, stating, among other things, that a company should:

- Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, *even if they do not contribute to those impacts* [our italics].<sup>25</sup>

Norway, through its OECD membership, is obliged to have an agency at which complaints may be lodged, a so-called National Contact Point. From 1st March 2011, complaints to the National Contact Point in Norway have been dealt with by an independent committee of four persons. Committee members are appointed subsequent to nomination from the Confederation of Norwegian Enterprise, the Norwegian Confederation of Trade Unions and the Forum for Environment and Development on the basis of their personal competence and experience. The committee chairman is appointed by the Ministry of Foreign Affairs and the Ministry of Trade and Industry for a period of four years. The other members are appointed for three years. The National Contact Point has its own secretariat consisting of two persons and is placed administratively under the Ministry of Foreign Affairs. The National Contact Point does not raise issues on its own initiative but deals with complaints upon request. Its mandate is to provide a platform for resolving complaints of alleged breaches of the guidelines by means of dialogue with the parties concerned or by issuing a final public statement where dialogue proves insufficient.<sup>26</sup>

In 2000, Norwegian Church Aid (Kirkens Nødhjelp), alongside the Enterprise Federation of Norway, the Norwegian Confederation of Trade Unions and Coop Norway, founded the **Ethical Trading Initiative Norway (IEH)**.<sup>27</sup> IEH is a resource centre and advocate of ethical trade. Its objective is cooperation for trade that promotes human rights, workers' rights, development and environmental standards. According to the body itself, its aims are to strengthen its members' efforts to promote decent working and environmental conditions in their supply chains, and to strengthen support for ethical trade in general. IEH is also at pains to emphasise that responsibility extends beyond a company's own direct activities,

writing the following on its website: "Being a member of IEH means tackling challenges in the supply chain and reporting openly on the status and progress of efforts". Through adopting IEH's Declaration of Principles, its members are committed to developing their own ethical trade principles and communicating these to their trading partners throughout the value chain, and working towards continuous improvements in labour and environmental standards of manufacturers and suppliers throughout the value chain. When it comes to Norwegian companies' trade links with enterprises that have production facilities in the occupied territories, we believe that the following paragraph from the IEH guidelines, concerning relationships outside the workplace and marginalised populations, is of particular importance: "Production and extraction of raw materials for production should not contribute to and destroy the resource and income base for marginalized population groups, for example by claiming large areas of land or other natural resources on which these populations depend"<sup>28</sup>.

As we shall see from the examples given in the report, most Norwegian companies who trade in goods from the occupied territories, or with companies which have production facilities there, are members of IEH. The majority of companies discussed in this report also refer to one or more of the international frameworks we have presented in their own documents concerning social responsibility and ethics.

The UN-supported initiative **Principles for Responsible Investment (PRI)**<sup>29</sup> is a network of international investors that was set up in 2005 on the initiative of the UN Secretary-General. PRI can be described as an initiative that does not focus directly on ethical investments but rather on the effect that not considering social responsibility may have on

investment portfolios and the company. This is reflected in the introduction to the principles: "...we believe that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society"<sup>30</sup>.

The six principles for responsible investment form a voluntary framework for investors' inclusion of so-called ESG<sup>31</sup> assessment in their activities and ownership practices. The principles to which investors commit by becoming a signatory to PRI are:

To incorporate ESG issues in investment analysis and decision-making processes; to be active owners and incorporate ESG issues into their ownership policies and in the operational management of investments; to seek appropriate disclosure about ESG issues by the entities in which they invest; to promote acceptance and implementation of the Principles within the investment industry; to work together to enhance our effectiveness in implementing the Principles and each to report on their activities and progress towards implementing the Principles. In the annual progress report that signatories are obliged to deliver,

investors must include declarations of whether they have made use of the exclusion of companies on the basis of ethical criteria, whether they have had dialogue concerning ESG issues with the companies in which they have investments and whether they raise such issues at company board meetings where they are represented.

In Norway, the Norwegian Fund and Asset Management Association has laid down a set of industry standards which members are obliged to follow but, as of today's date, the association has no adopted standards or recommendations that are directly linked to social responsibility and ethics where financial investments are concerned.

It is now generally accepted that companies are responsible for what occurs within their own operations and it is largely accepted that this responsibility does not stop there but must be extended throughout the company's supply chain of "value chain".

## 4 INVESTMENTS

In our assessment, there are a number of several companies in the investment portfolios of the Government Pensions Fund – Global (GPF), private Norwegian banks and investment funds that, through their activities in the occupied Palestinian territories, are complicit in the Israeli occupation and breaches of international humanitarian law and the human rights of the occupied population.

We regard the contributions of some companies to the occupation and its related violations as more serious than others'. Using as a starting point the 48 companies in which the GPF has investments, we have established a list of 12 companies which we believe to be jointly responsible for *serious* violations. This concerns companies who are involved in the following activities: The building of key infrastructure in the occupied

Palestinian territories (Israel Electric Corporation, Alstom and Veolia); the provision of essential factors of production for the construction of settlements or the Wall as well as heavy machinery used to destroy Palestinian homes and infrastructure; (Cement Roadstone Holdings, IDB Holding, Clal Group and Caterpillar); the extraction of non-renewable natural resources from occupied areas (Cemex and Heidelberg Cement); the development and provision of technology and systems contributing to Israeli military control and the restriction of freedom of movement (Hewlett-Packard and Motorola); and the provision of equipment and security services to prisons and military installations in the occupied territories (G4S). Further details of these twelve companies are presented in this chapter.

In addition to the activities mentioned above, we are of the opinion that other forms of corporate presence in occupied areas contribute to the occupation. This includes, for example, having production facilities or offices in the industrial zones, company branches in settlements or the provision of non-military services to the settlements. Such activities give strength to the long-lasting appearance of the occupation and financially and practically underpin the settlements' existence.

Appendix I to the report gives a brief description of each of the 48 companies with activities in the occupied territories and in which the GPF has invested.

This chapter first looks at GPF investments and then at those of Norwegian private banks and investment funds.

### 4.1. The Government Pensions Fund – Global (GPF)

The collective savings of Norwegians are invested through the GPF in companies around the world. A number of these companies, in different ways, contribute to maintaining the Israeli occupation and to specific violations in the occupied Palestinian territories. Until now, the Ministry of Finance has sold its stake in three companies on the grounds that they were involved in the building of Israeli settlements and parts of the Wall on the West Bank. In what follows we demonstrate that there are many other Israeli and international companies in which it should be unacceptable for the GPF to invest. The GPF is considered to be the second largest national investment fund in the world and it is presumed that the fund will continue to grow in the foreseeable future. In the 2011 National Budget, the size of the GPF was predicted to be of the order of NOK 6,000 billion by the year 2020. The GPF is a state

owned fund, the operative administration of which is undertaken by Norges Bank, Norway's central bank, within a mandate set by the Ministry of Finance. According to the Norwegian Government White Paper 15 (2010 – 2011), the purpose of the GPF is "to support national savings for the financing of pension costs to the Norwegian National Insurance Scheme and to underpin long-term considerations as to the use of national petroleum revenues [our translation]". The White Paper additionally emphasises that "the fund is to adhere to responsible investment practice in consideration of sound corporate governance and environmental and social conditions [our translation]"<sup>32</sup>.

As of 31.12.2012, GPF owned shares in around 7 400 companies across the world.<sup>33</sup> The fund also has investments in company-issued obligations.<sup>34</sup> Overall, the fund owns

around one per cent of all listed stocks in the world. Ownership of many companies is widely distributed among very many individual owners with the resultant effect that an ownership share of as little as one per cent could make the GPF one of the largest individual investors in a company.<sup>35</sup>

#### 4.1.1 ETHICAL GUIDELINES, EXERCISE OF OWNERSHIP AND EXCLUSION OF COMPANIES

The mandates given for the administration of the GPF define a set of various measures by which responsible investment practice and consideration of environmental and social conditions are to be ensured. Exercise of ownership is the way in which Norges Bank works to influence companies where it is desirable that current ownership stakes are maintained.

**Exercise of ownership work** is based on a set of documented expectations linked to corporate governance, children's rights, climate change and water resource management. Norges Bank Investment Management seeks to influence companies through direct dialogue, the exercise of voting rights and dialogue with other investors.

**Negative screening** is a measure aimed at ensuring the GPFG does not invest in companies engaged in production of specifically defined goods deemed to be unethical. This currently relates to companies which "produce weapons, the normal use of which is in breach of fundamental humanitarian principles [our translation]" and companies who produce tobacco.<sup>36</sup>

**Withdrawal** involves the GPFG selling the shares owned in a company on the basis of the company's operations being in breach of a set of guidelines adopted by the Storting, the Norwegian Parliament.

**Observation** has been introduced where "there is doubt as to whether the conditions for exclusion are fulfilled, doubt concerning future development or where observation for any other reason is deemed appropriate [our translation]".

Work to assess companies' operations in relation to the last three measures is undertaken by the Council on Ethics to the Government Pensions Fund – Global and is defined in the "Guidelines for observation and exclusion of companies from the investment universe of the Government Pensions Fund – Global". The Council on Ethics is an independent body that provides the Ministry of Finance with recommendations to exclude companies from the fund or to place them under observation on the basis of actions by the company that conflict with the criteria laid down in the ethical guidelines. The council was initially established in a cabinet meeting of November 2004. The Ethical Council has five members<sup>37</sup> and its own secretariat of eight persons.

The guidelines state: "*The Ministry of Finance may, on the advice of the Council of Ethics, exclude companies from the investment universe of the Fund if there is an unacceptable risk that the company contributes to or is responsible for: a) serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour and other child exploitation; b) serious violations of the rights of individuals in situations of war or conflict; c) severe environmental damage; d) gross corruption; e) other particularly serious violations of fundamental ethical norms*"<sup>38</sup>.

Among other things, the guidelines further indicate that "the Ministry may ... consider the probability of future norm violations..." when evaluating withdrawal. The Council on Ethics' practice has been to put emphasis on there being very high probability of such violations being ongoing or likely to occur in the future.

#### 4.1.2 THE COUNCIL ON ETHICS' ASSESSMENTS OF COMPANIES AND THE OCCUPATION

Since 2006, the Council on Ethics has made public a number of assessments of companies linked to the Israeli occupation of the West Bank and Gaza Strip and advised exclusion of three: Elbit Systems, Africa Israel and Danya Cebus. Prior to the Council's recommendations, Norwegian People's Aid was amongst those to provide information and discuss conditions on the West Bank and the activities of the <http://www.milouot.co.il> with the Council. The Ministry of Finance duly followed the Council on Ethics' advice and the GPFG sold its stake in the companies and excluded them from its investment portfolio:

- In September 2009, the fact that the Israeli company "Elbit Systems Ltd." had been excluded from the GPFG was made public. The exclusion recommendation was given by the Council on Ethics in May 2009. Elbit Systems is a large company

involved in defence technology. The company is one of the two main suppliers of electronic surveillance systems for the Wall and electric fences within the "Seam Zone". Elbit Systems also supplies drone aircraft to the Israeli armed forces, which are employed in military operations above the Gaza Strip. The grounds given for the Council on Ethics' conclusion were that Elbit Systems supplies specially designed surveillance equipment which is an integral part of the wall being built by Israel on the West Bank, and that this is considered to represent "serious violations of fundamental ethical norms"<sup>39</sup>.

- In August 2010, the fact that the Israeli company "Africa Israel Investments Ltd." and a subsidiary, "Danya Cebus Ltd.", had been excluded from the GPFG was made public. The exclusion recommendation was given by the Council on Ethics in September 2009. Danya Cebus, a construction company, is a subsidiary of the Africa Israel group and behind many housing projects on the occupied West Bank. As contractor, the company has built the Green Park project in the settlement of Modi'in Illit on the West Bank. It has carried out a housing project in the settlement Ma'ale Adumim, projects for property developers Heftziba in the settlements of Har Homa, Ma'ale Adumim and Adam, and was hired in to complete a number of housing projects there after Heftziba declared bankruptcy. In October 2010, Africa Israel stated in an open letter to the Israeli organisation Who Profits that "neither the company nor any of its subsidiaries and/or other enterprises governed by the company are currently involved in, or have any future plans concerning, the development, planning or construction of permanent properties in settlements on the West Bank". Despite this, the company shortly afterwards won a contract worth 78 million shekels to build the C-Jerusalem project in the

settlement area of Gilo in East Jerusalem. The grounds given by the Council on Ethics for its recommendation of exclusion were that Africa Israel and Danya Cebus' operations are directly linked to the building of Israeli settlements on the West Bank. The Council on Ethics writes in its recommendation that the Council thus considers that "the fund's investment in the company constitutes an unacceptable risk of future contribution to serious violations of individual's rights in situations of war and conflict and, consequently, that the investment violates the Fund's Ethical Guidelines"<sup>40</sup>.

- In June 2012 it was made public that the Israeli company Shikun & Binui Ltd. had been excluded from the GPF. The exclusion recommendation was given by the Council on Ethics in December 2011. Sikuhn & Binui are involved in building Israeli settlements in East Jerusalem and have also previously been involved in building settlements in the occupied West Bank and East Jerusalem. In their assessment, the Council on Ethics emphasised that the company's activities entailed an unacceptable risk that it will contribute to serious violations of the rights of individuals in situations of war or conflict.<sup>41</sup>

The Council on Ethics refers in its recommendations to the 2004 statement from the International Court of Justice in The Hague and builds on the assumption that the Fourth Geneva Convention applies to the Israeli occupation of the Gaza Strip and West Bank; further, that Israel's building of settlements, as

well as the Wall, conflicts with international law and that companies which contribute directly to the Israel's violations may be held accountable for their complicity. Another aspect considered by the Council on Ethics is the extent to which the criterion concerning complicity in breaches of an individual's rights in war and conflict requires that "individual injured parties are more specifically identified" [our translation]" but bases its views on this not being a necessary precondition where a company contributes to a nation state's breaches of the Fourth Geneva Convention<sup>42</sup>.

The Council on Ethics, however, in previous assessments of companies complicit in the occupation, has maintained a very restrictive interpretation as to what constitutes "direct contributions" to violations from a company's side. For example, as part of its argumentation for recommending the exclusion of Africa Israel and Danya Cebus, the Council on Ethics writes the following: "Several companies in the Fund's portfolio can probably be said to support the settlements in different ways and to various degrees. In addition to the actual construction of the settlements and their infrastructure, companies may be involved in, for example, the supply of electricity and telecommunications, the sale of goods and fuel, industrial activity or the sale of real estate in settlements. In addition there may be companies in the Fund which supply construction materials and other resources used for building the settlements and their associated infrastructure.

However, the Council does not consider that all forms of economic activity associated with the settlements necessarily constitute unacceptable contributions to breaches of the Fund's Ethical Guidelines, and that an assessment of the degree to which each company contributes must form the basis for the Council's decisions. Construction activities related to the building of real estate in the settlements, i.e. the physical building of houses in the settlements, is, in the view of the council, the most significant contribution to the further extension of West Bank settlements"<sup>43</sup>. The Council on Ethics has also issued statements concerning companies such as Caterpillar and Israel Electric Corporation (IEC). Caterpillar's sale of bulldozers, which Israel uses to demolish Palestinian homes, is not regarded as a violation since the items may be used for both good and ill, and that the responsibility therefore, according to the Council, lies with the user of the item.<sup>44</sup> Israel Electric Corporation's cut of electricity supplies to the Gaza Strip in 2008 was viewed as problematic by the Council on Ethics in relation to the GPF ethical guidelines but the assessment did not result in a recommendation for withdrawal since the Council considered the cut to be of short duration and no longer in progress.<sup>45</sup> The Ethical Council's assessment also concludes that IEC's provision of electricity to the settlements is not in breach of GPF ethical guidelines.<sup>46</sup>

### 4.1.3 THE GPFG PORTFOLIO, ISRAEL'S OCCUPATION AND COMPANIES IN BREACH OF GPFG GUIDELINES

Of the over 8000 companies in which the GPFG owns shares as of 31.12.2011, we have found 51 to be either directly active in the occupied territories or to have subsidiaries which are active there. These 51 companies come to attention by comparing the GPFG portfolio with Who Profits' list of companies involved in the occupation. A complete list of these companies and a description of their operations in the occupied Palestinian territories may be found in Appendix I at the end of this report. The companies are from Israel (30), Belgium (1), France (3), Ireland (1), Mexico (1), The Netherlands (1), The UK (1), Switzerland (1), Sweden (1), Germany (2) and the USA (9). The GPFG's extensive investments in companies that contribute to, and profit from, the Israeli occupation demonstrates that Norway, through its pension fund, is also a contributor to the occupation.

Our assessment is that a number of companies beyond those which the GPFG has already excluded are involved in *serious violations of individual's rights in situations of war and conflict or other particularly serious violations of fundamental ethical norms*. Below follows a more specified assessment of 12 of the 51 companies in which the GPFG has a stake, and which we believe to a serious extent to be complicit in violations in the occupied Palestinian territories. We believe them to be involved in the occupation in ways that constitute breaches of the GPFG guidelines.

**Heidelberg Cement and Cemex** are companies directly involved in the extraction of non-renewable natural resources from the occupied West Bank. For further information and assessment of these companies, refer to the boxed text on page 26. These operations have clear parallels in circumstances that the Ethical Council has considered to be contributory factors to grounds for exclusion in other cases, such as the

exclusion of companies trading in phosphates mined in West Sahara.<sup>47</sup>

**Hewlett-Packard** is directly involved in the occupation in that the company supplies a specially designed system of biometric identity-checking that Israel has installed at military checkpoints on the occupied West Bank. This corresponds to the grounds given for excluding the company Elbit Systems from the GPFG in 2010. For further information and assessment of this company, refer to the boxed text on page 25.

**Motorola Solutions** owns Motorola Solutions Israel, which provides virtual fences for Israeli settlements. The system is also employed for the Wall on the West Bank, for the wall surrounding the Gaza Strip and at military bases. The company has ongoing service agreements on the existing systems and continues to offer them for use at Israeli installations in the occupied territories. This too corresponds to the grounds given for excluding the company Elbit Systems from the GPFG in 2010. For further information and assessment of this company, refer to the boxed text on page 24.

**Alstom and Veolia** are directly complicit in Israel's annexation of East Jerusalem in breach of international law and in the establishment of settlements in the area. The companies are key players in the construction and operation of the Jerusalem Light Rail which integrates the East Jerusalem settlements with the rest of the city. For further information and assessment of these companies, refer to the boxed texts on pages 33 and 34.

**G4S** is complicit in a number of operations that contribute to the occupation and to specific violations against Palestinians from the side of the occupying power. The company provides technical equipment to military checkpoints on the occupied West Bank and services and security systems to Israeli prisons operating in breach of international law and where abuses are committed against Palestinian prisoners. For further

information and assessment of this company, refer to the boxed text on page 37.

**Israel Electric Corporation (IEC)** is directly involved in Israel's settlement building. IEC builds and operates electricity supplies to the West Bank settlements. For further information and assessment of this company, refer to the boxed text on page 36.

**Caterpillar** has for many years been delivering bulldozers used by the Israeli armed forces to demolish Palestinian homes. For further information and assessment of this company, refer to the boxed text on page 38.

**IDB Holding, Clal Industries and Investment and Cement Roadstone Holdings (CRH)** are all involved in the occupation through their ownership in the Israeli company Neshet, which supplies cement for the building of the Wall, military installations and settlements. For further information and assessment of these companies, refer to the boxed text on page 35.

We have chosen not to give added focus to the companies Electra and Shikun & Binui (aka. Housing and Construction). These companies were previously involved in settlement building, much in the same way as Africa Israel/Danya Cebus. We have no information to suggest, however, that they are currently involved in any such building projects. If such information should emerge or the companies should start any new projects of this nature in the future, we would expect these companies to be excluded. The companies are described in Appendix I.

Some of the companies mentioned above have been assessed previously by the Council on Ethics. We are of the opinion, however, that the assessments undertaken to date of "the degree to which each company contributes" have employed a rather too restrictive line as to what constitutes an important contribution to violations under the Israeli occupation. For example, we are of the firm opinion that the Israel

Electric Corporation's development of electricity supply lines to new settlement outposts and new and existing settlements must be considered an equally integrated and decisive aspect of promoting settlements as the building of houses there. In consideration of companies who deliver items used for violations, there is, in our view, no basis for fully exempting the seller of such items of responsibility when the seller is aware of the misuse of the items over a period of time (such as the use of bulldozers to demolish homes) and nevertheless continues to supply the items concerned.

Almost all of these companies have been confronted with their complicity in the occupation through discussions in the media, public campaigns or expressions of concern from investors. As may be seen from the more specific descriptions of the individual companies, a minority has expressed a desire to put an end to some of the activities criticised. Our assessment, however, is that these companies have not done enough to wind up those parts of their activities which are problematical and we are of the opinion, therefore, that they remain responsible for serious violations. Further, our assessments suggest there is no reason to believe that dialogue with these companies will lead to the cessation of the

violating activities concerned. We are nevertheless unwilling to rule out the possibilities of such things happening, particularly where the company has shown any degree of response to attempts at influence. Our primary recommendation, therefore, is that the Council on Ethics should recommend withdrawal from these companies. In instances where the Council on Ethics does not recommend withdrawal, we believe Norges Bank should raise the issues concerned through the exercise of ownership in the company with the aim of having the company cease those parts of its operations which contribute to the Israeli occupation.

## MOTOROLA SOLUTIONS

Motorola Solutions Israel is a wholly owned subsidiary of Motorola Solutions.

In 2005, Motorola Solutions Israel won a contract from the Israeli Ministry of Defence for the delivery of virtual fencing to Israeli settlements.<sup>1</sup> The system, called Moto Eagle Surveillance, comprises radars and cameras which are used to detect human movement outside the settlements and is based on radars supplied by ICx Radar Systems.

According to news agency reports, the Motorola radar detection system has now been installed at between 20 and 47 Israeli settlements on the occupied West Bank, including Hebron, Karmeit Tzur Thko'a, Nokdim, Otniel, Beit Hagai, Eli, Rehelim, Tapu'ach, Mechora, Elon More, Talmon and Bracha. In a number of instances the radar stations have been constructed on private Palestinian land and are thus a hindrance to Palestinian movements in the vicinity of Israeli settlements. The system is also used for the Wall on the West Bank, for the wall surrounding the Gaza Strip and at military bases. The company has ongoing service agreements on the existing systems and continues to offer them for use at Israeli installations in the occupied territories.

Motorola Solutions Israel has also developed and procured the Mountain Rose communication system for the Israeli army. This is a specially designed mobile system for use during special field operations and is used by IDF soldiers both on the occupied West Bank and, for example, during military raids into the Gaza Strip.

Campaigns are ongoing aiming at having Motorola bring its complicity in the Israeli occupation to an end.<sup>48</sup>

Motorola provides specially designed systems that are an integrated part of the West Bank settlements and the Wall, both of which are in breach of international law. The company should be held accountable for complicity in breaches of international law in the same way as the company Elbit Systems was previously held accountable for corresponding violations.

**Website: [www.motorola.com](http://www.motorola.com)**

## HEWLETT-PACKARD

Hewlett-Packard own EDS Israel, which was amalgated with HP in 2009 and which has since gone by the name of HP Enterprise Services. EDS Israel has supplied the Basel system (development, installation, maintenance and ongoing user support in the field) to the Israeli Ministry of Defence. The Basel system is an automated biometric system for access control and has been installed at a number of large military checkpoints such as Erez (Gaza), Sha'ar Ephraim, Bethlehem, Jericho, Jenin, Nablus, Tulkarem, Hebron, Abu Dis and Tarkumia. The Israeli Ministry of Defence has confirmed to Who Profits that HP has a contract with the ministry for manning/operating and carrying out maintenance on the Basel system until 31st December 2012.<sup>49</sup>



HP is thereby directly responsible for the supply and operations of a specially designed system used to control Palestinian movements in occupied areas. Many of these military checkpoints lie deep inside the West Bank, separating Palestinian areas from each other and severely restricting the normal movement of Palestinian inhabitants, in breach of their human rights. In many instances, the checkpoints are an integrated part of the Wall Israel has built on the West Bank and which the International Court of Justice in The Hague has found to be in contravention of international law. In the area around Jerusalem, the system forms a vital part of Israel's policy of excluding Palestinians from the city, since Palestinians with West Bank ID cards are not permitted to travel into Jerusalem. This distinction contravenes international law since Israel occupied the West Bank territories including East Jerusalem in 1967 and later divided off and annexed East Jerusalem. This has not been recognised by the international community.

Several other issues also link HP with the occupation. In 2008, the company signed a contract with the Israeli Home Office for the production of biometric ID cards for Israel's inhabitants, including Palestinians with Israeli citizenship and Palestinians with residence permits for occupied East Jerusalem. HP has also provided services and technology to the Israeli armed services and are responsible for the administration of the Israeli navy's IT system. The Israeli navy is in turn responsible for maintaining the maritime blockade of the Gaza Strip since 2007. The type of system supplied by HP to the Israeli navy has also been employed in a test project by the Israeli army with a view to implementing it across the board for the Israeli armed services. This has received the name "the virtualisation project" and HP was granted the contract in 2009. In the same year, HP won a further contract for the supply of all computer equipment to the Israeli army.

HP is also involved in the so-called "Smart City Project" in the settlement of Ariel. This project delivers a storage system for the settlement's administration. It was Israeli authorities which determined that Ariel was to be the pilot-town for the project.

**Website:** [www.hp.com](http://www.hp.com)



## HEIDELBERG CEMENT/HANSON AND CEMEX/READYMIX

The German company Heidelberg Cement, the largest cement producer in the world, has been the owner of Hanson since 2007. Hanson produces cement, gravel and asphalt. Part of this production takes place in occupied areas in that natural resources are extracted from quarries on the occupied West Bank. Hanson's production facilities in Israeli settlements and industrial zones on the occupied West Bank include cement factories at Modi'in Illit and Atarot, an asphalt factory south of Elqana and a gravel pit in Nahal Ruba.<sup>50</sup>

Cemex is one of the world's largest companies involved in the production, distribution, marketing and sales of cement and factory-mixed concrete. The company owns the Israeli company Readymix Industries, which has a quarry and a number of factories on the occupied West Bank. Readymix has also supplied concrete elements for the building of Israeli infrastructure in the occupied territories. Readymix has a 50% stake in the Yatir Quarry by the settlement of Teneh Omarim on the West Bank. The company has factories in the settlement of Movo Horon and in the Altarot and Mishor Adumim industrial zones. Concrete elements supplied by the company have been used in the building of military installations on the West Bank and the Jerusalem Light Rail which links the settlements to the centre of the city.<sup>51</sup>

International law forbids an occupying power to exploit occupied territories in a way that has lasting effects, or in a way that is not in the interests of the local population. Article 55 in the Hague Convention from 1907 says, «The occupying State shall be regarded only as administrator and usufructuary of public buildings, real estate, forests, and agricultural estates belonging to the hostile State, and situated in the occupied country. It must safeguard the capital of these properties, and administer them in accordance with the rules of usufruct.» This entails that the occupying power cannot reduce the value of the occupied lands resources.<sup>52</sup> Regarding the status of quarrying activity in international law, Professor of International Law Julius Stone states that it is forbidden for an occupying power to perform «wasteful or negligent destruction of the capital value, whether by excessive cutting or mining or other abusive exploitation, contrary to the rules of good husbandry»<sup>53</sup>.

The gravel pits operated under Israeli control in the occupied territories, by Hanson and Readymix among others, were all established subsequent to the 1967 occupation and were meant to be, and are in practice, part of the occupying power's economy.<sup>54</sup> The amount of gravel extracted from the West Bank from Israeli-run pits totals approximately 12 million tonnes per annum.<sup>55</sup> Videos documenting the transport of stone and gravel from Hanson and Readymix quarries on the West Bank and into Israel may be readily found on the Internet.<sup>56</sup> Approximately 9 million tonnes are thus transported into Israel. The remaining 3 million tonnes or so sold to the "local market" includes sales to the West Bank settlements, which are in breach of international law.<sup>57</sup>

Heidelberg Cement and Cemex reap profits from extracting non-renewable natural resources from occupied Palestinian territories. Their activities are complicit in strengthening the occupation. They are directly involved in gravel-pit operations, an economic activity that removes future resources from the occupied population. Their business forms part of the occupying power's system for maintaining control over the occupied territories by means of the establishment of industrial zones and settlements and exploits this control for their own economic gains rather than to the benefit of the occupied population.<sup>58</sup>

In 2009 the Israeli human rights organisation Yesh Din filed a petition to the Israeli High Court of Justice, demanding that the extraction of natural resources from the occupied territories be deemed illegal. The Israeli High Court of Justice rejected Yesh Din's petition on December 26, 2011. The sentence has been challenged by a number of prominent Israeli legal professionals, who claim that the Israeli High Court, by stretching the interpretation of International Law, are seeking to legalize activities that contradict the responsibilities of an occupying power.<sup>59</sup>

### Websites:

[www.heidelbergcement.com](http://www.heidelbergcement.com)

[www.hanson-israel.com](http://www.hanson-israel.com)

[www.cemex.com](http://www.cemex.com)

## 4.2. Norwegian Banks and Investment Funds

According to the Norwegian Fund and Asset Management Association (NFAMA), securities funds to a net value of NOK 25 billion were drawn up in 2011, of which personal customers were responsible for NOK 6.4 billion. By the end of 2011, Norwegian personal customers have approximately NOK 149 billion in securities funds.<sup>60</sup> According to a savings agreement study undertaken by NFAMA in the autumn of 2011, an estimated 450,000 Norwegians had a total of 710,000 savings agreements in unit trusts and combination funds.<sup>61</sup> As the statistics show, saving in funds is becoming increasingly common among Norwegian private persons. Nearly all banks and investment funds now have a dedicated person or department working with social responsibility and ethics. All the same, are they open enough? What kinds of opportunities exist for private persons to check which companies our money is invested in through such funds? Are private savings fund investors able to feel secure that their money is not invested in companies in breaches of the fund's own ethical guidelines and/or complicit in serious violations where, for example, human rights, workers' rights or environmental standards are concerned? In the work for this report, we have specifically concentrated on these questions where companies with operations in the occupied Palestinian territories are concerned and whose business, therefore, supports the occupation.

We have looked at 13 of the largest banks and investment funds in Norway<sup>62</sup> – Alfred Berg asset management, DNB, Fokus Bank/Danske Capital, Gjensidige, Holberg Fondene, KLP, Nordea, Odin Fund Management, Pareto Forvaltning, Skagen Funds, Skandiabanken, Sparebank1 and Storebrand. Our primary purpose was

to discover if any of them have investments in companies which may be said to be complicit in the Israeli occupation of Palestinian territories and related violations, and thereafter to try and persuade them to withdraw their investments from any such companies or enter into dialogue with them.

We have additionally investigated whether these banks and investment funds have their own ethical guidelines and what their practice is regarding the exclusion of companies which do not operate in keeping with such guidelines. We also asked the investment funds if they published lists of companies excluded from their investment universes on this basis and whether they publish information concerning dialogue or any other kinds of activities aimed at influencing such companies.

### 4.2.1 ETHICAL GUIDELINES AND DEGREES OF OPENNESS

All 13 banks and investment funds that we looked at have some kind of ethical guidelines for their investments. A great deal of variance occurs, however, concerning the degree to which the different players are affiliated, or even refer to, international frameworks and initiatives such as the UN Principles for Responsible Investments (PRI)<sup>63</sup>, UN Global Compact<sup>64</sup> and UN Guiding Principles, also known as the Ruggie Principles<sup>65</sup>.

There are also dissimilarities between the actors concerning the extent to which they are active managers of their own funds or whether they invest in funds managed by others on behalf of themselves or their customers (i.e. who serve as fund intermediaries rather than fund managers). The same concerns the degree to which the players

themselves have a mandate to undertake positive selection before a company is included in an investment portfolio, whether exclusion may only be exercised on the basis of monitoring current portfolios and whether or not players acting as fund intermediaries undertake this type of monitoring of the funds they offer through other fund managers.

Some actors have separate departments or teams working with ethics and social responsibility while others largely rely on "screening services" and other forms of advice from companies specialising in the field.

A large percentage of the banks/investment funds let it be known that they follow the GPF's decisions where the exclusion of companies is concerned, that is to say that they would, in all probability, sell themselves out of a company if the GPF chose to sell its stake and put the said company on its exclusion list. This does not mean, however, that most players would do this automatically.

We have found several examples of banks and investment funds in Norway withdrawing investments in companies mentioned in this report on the basis of an ethical assessment of those companies' activities in the occupied Palestinian territories. (This concerns Africa Israel Investments, Danya Cebus, Elbit Systems, Alstom, Cemex, Heidelberg Cement, Motorola and Veolia).

Of the 13 banks and investment funds, only six maintain a comprehensive overview of all the companies in their investment portfolios via the Internet at all times, while the remaining seven maintain an overview of a more limited number of companies, usually the ten largest in each fund portfolio.

All the companies have their annual report on the Internet, giving a comprehensive overview of all the companies in which they have shares as of 31.12.

We have gone through the various fund portfolios on the Internet in the period from December 2011 to March 2012 and additionally examined the information about those portfolios in the annual reports.

Some of the banks/funds had not yet published their annual report for 2011 by the time the editing process for this report was brought to a close in March. Owing to this, and the fact that the portfolios undergo continuous change on account of buying and selling, it is not possible to contest that our work gives a complete overview of Norwegian banks and funds' investments in companies that are active in the occupied territories.

This field of work requires continuous monitoring and dialogue with the players if attempts to reduce investments in such companies are to be made.

Only five of the 13 banks and funds more or less regularly publish so-called "exclusion lists" that reveal which companies have been removed from their investment universe. The remainder do not publish such lists, generally arguing that the reason for their not doing so is their desire to focus on constructive dialogue with the companies in which they have investments, and thus to influence the companies into moving in the right

direction. The table in Appendix II gives an overview of the various players' ethical guidelines, the extent to which an overview of their funds is publically available, and whether or not they publish exclusion lists.

In the next sub-section, we take a more detailed look at which players have investments in the companies we believe to be responsible for some of the most serious violations in the occupied Palestinian territories and what kind of dialogue is taking place between these companies and Norwegian banks and investment funds.

#### **4.2.2 INVESTMENTS BY BANKS AND FUNDS IN COMPANIES WITH ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES**

In the work of examining investments by Norwegian banks and funds in companies with activities in the occupied Palestinian territories, we began with the list of companies in the occupied territories in which the GPFG has or has had investments. We chose to focus on investments in the 12 companies named in Chapter 4.1.3., which we believe to be complicit in serious violations. The majority of the banks and funds also have investments in a number of the other companies described in Appendix I.

Owing to the fact that many banks and funds exercise the practice of

continuously releasing overviews of only the ten largest companies per fund on the Internet, and that not all had published their annual report for 2011 when the editing process for this report was brought to a close, there exists the possibility that the banks and funds described in this report also have investments in more of the 12 companies than those given in the overviews contained within this chapter. We believe, however, that this is very unlikely given the time we have spent examining all publically available information and the fact that the various players' candour concerning fund portfolios was, in general, relatively good.

In our examination of the fund portfolios, we found that 12 of the 13 banks and investment funds we studied have investments in one or more of the companies we describe in Chapter 4.1.3. These are companies which, through their activities in the occupied territories, we believe to be involved in serious infringements of people's rights in situations of war or conflict or other very serious breaches of fundamental ethical norms.

The next few pages give an overview of which banks and investment funds have investments in which of these companies. We also give an overview of which banks and investment funds have placed which companies on their exclusion lists on account of those companies' activities in the occupied Palestinian territories.

<b>GJENSIDIGE</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Caterpillar • Heidelberg Cement • Hewlett - Packard • Veolia.	Not publically available.

<b>HOLBERG FONDENE</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Hewlett-Packard.	Not publically available, but since Holberg Fondene say they follow the GPFG, this means that Africa Israel Investments, Danya Cebus and Elbit Systems are currently on their exclusion list.

<b>KLP</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Caterpillar • CRH • G4S • Heidelberg Cement • Hewlett-Packard • Motorola • Veolia.	<ul style="list-style-type: none"> <li>• AFI Group/Africa Israel Investments Ltd. (owing to involvement in settlement construction)</li> <li>• Danya Cebus (owing to involvement in settlement construction)</li> <li>• Elbit Systems (owing to provision of electronic surveillance system to the separation barrier)</li> <li>• Alstom is also on KLP's exclusion list owing to activities in Sudan.</li> </ul>

<b>NORDEA</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Caterpillar • Cemex; • CRH • G4S • Heidelberg Cement • Hewlett-Packard • Motorola • Veolia. The Nordea group also has investments in Alstom, but these funds are not available in Norway.	Nordea follows GPFG guidelines for Norwegian registered funds. This means that they currently have Africa Israel Investments, Danya Cebus and Elbit Systems on their exclusion list for Norwegian registered funds.

<b>ODIN FUND MANAGEMENT</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
G4S	Not publically available.

<b>PARETO FORVALTNING</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
No findings.	Not publically available.

<b>SKAGEN FUNDS</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Heidelberg Cement.	Not publically available.

<b>SKANDIABANKEN</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Alstom • Caterpillar • Cemex • CRH • G4S • Heidelberg Cement • Hewlett-Packard • Veolia.	Not publically available.

<b>SPAREBANK 1</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Caterpillar • CRH • G4S • Heidelberg Cement • Hewlett-Packard • Motorola • Veolia.	Not publically available, but since Sparebank 1 says they follow the GPFG, this means that Africa Israel Investments, Danya Cebus and Elbit Systems are currently on their exclusion list.

<b>STOREBRAND</b>	
COMPANIES WE BELIEVE ARE RESPONSIBLE FOR SERIOUS VIOLATIONS AND IN WHICH THIS BANK/FUND HAS INVESTMENTS	COMPANIES ON EXCLUSION LIST OWING TO THEIR ACTIVITIES IN THE OCCUPIED PALESTINIAN TERRITORIES
Caterpillar • CRH • Hewlett-Packard • Motorola.	Not publically available.

A majority of the banks and investment funds have companies on their exclusion lists owing to the companies' activities in the occupied Palestinian territories. This concerns, first and foremost, the three companies that the GPFG has on its exclusion list: Africa Israel Investments Ltd., Danya Cebus Ltd. and Elbit Systems Ltd. Through meetings and other forms of contact with a number of the banks and investment funds which do not have open exclusion lists, we have also discovered several of them have also excluded other companies.

- One of the institutions has placed Veolia on its exclusion list owing to the company's involvement in Jerusalem Light Rail.

- Two of the institutions have placed Heidelberg Cement on their exclusion lists owing to the company's quarrying operations and other production on the occupied West Bank.
- One of the institutions has placed Motorola on its exclusion list owing to the company's development and provision of its security system to settlements and military installations on the occupied West Bank.

A majority of the banks and investment funds use, to a varying extent, external consultants in relation to SRI. A number specifically confirmed that they were aware that these "SRI providers" are engaged in dialogue with companies

operating in occupied areas. A number of the banks and investment funds further confirmed that they too were, or had been, in dialogue with some of the 12 companies which, owing to their activities in the occupied Palestinian territories, we have lent particular focus:

- KLP confirmed that they are engaged in ongoing dialogue with Africa Israel, Danya Cebus and Elbit Systems – all three are on their exclusion list – and that the position of Motorola is under consideration. KLP also intend to investigate more closely the information provided about Heidelberg Cement and Hewlett-Packard.

## VEOLIA

Veolia is a multinational French company operating in water and waste management and energy and transport services. Veolia is a multinational French company operating in water and waste management and energy and transport services. Veolia owns 71% of Connex Jerusalem, the company that runs the tramcars for Jerusalem Light Rail. Through Connex Israel, a subsidiary, Veolia also owns 5% of the stock in the CityPass Consortium, contracted to operate the Light Rail system. In 2010, Veolia declared the intention of selling its CityPass shares to Egged and 80% of its stock in Connex Jerusalem.<sup>66</sup> This had not yet happened by the time this report was published.



Veolia Environmental Services in Israel run the disposal site Tovlan in the Jordan Valley on the occupied West Bank. Photo from January 2011. Photo: Who Profits

Connex Israel also runs regular bus services to Israeli settlements on the occupied West Bank. This concerns service routes 7, 19, 109, 110, 422, 425 and 427. The company also runs four services along route 443, a road that Palestinians are forbidden from driving upon without a special permit. Service route 7 runs to and from the two settlements Hashmona'im and Kfar Haoranim and route 19 to and from Mevo Horon. Service routes 109 and 110 run through the occupied Palestinian territories close to the Macabim Checkpoint, via Mahane Ofer Junction (on route 404), to the settlement of Givat Ze'ev and occupied East Jerusalem.

Through another subsidiary, Veolia Environmental Services Israel, Veolia owns and operates the Environment Tovlan disposal site on confiscated Palestinian territory in the occupied Jordan Valley.<sup>67</sup> The governing authority for Tovlan is the Boqat Hayarden Regional Council, which represents 21 West Bank settlements.

The waste brought to the site comes from both Israel and Israeli settlements on the West Bank. Veolia is a key player in the Jerusalem Light Rail project. The company thus helps strengthen Israel's annexation of Jerusalem and the development of illegal Israeli settlements. Veolia activities linked to settlement bus routes and its operation of the waste tip, which is governed by settlement authorities to the benefit of settlements in an occupied area, also mean that the company directly contributes to Israeli settlement policy.

**Website: [www.veolia.co.il](http://www.veolia.co.il)**

- Nordea confirmed ongoing dialogue with Cemex and that they have previously had dialogue with Alstom and Veolia.
- One further institution additionally confirmed ongoing dialogue with Veolia.
- Two further institutions confirmed ongoing dialogue with Alstom.
- One further institution confirmed ongoing dialogue with Heidelberg Cement.

DNB was the only player to confirm an intention to contact all eight companies we discussed with them in relation to what we consider serious violations in occupied areas. DNB was to seek further information directly from the companies concerned and wished to make it clear that they had long been monitoring and evaluating various issues linked with activities in the occupied Palestinian territories.

A number of the banks/investment funds have additionally informed us that they will look more closely at the activities of some of the 12 companies on the background of the information from Norwegian People's Aid and the Norwegian Union of Municipal and General Employees. This particularly concerns the activities of Hewlett-Packard, Motorola and Heidelberg Cement.

These findings show that information about, and campaigns in relation to, these companies' activities on the West Bank is extremely important and that such work leads to concrete results. The companies find themselves on the end of powerful signals when banks and investment funds sell their stocks and/or enter into dialogue concerning the company's violations.

Although we both wish to encourage even greater openness on the part of the industry of the opinion that Norwegian banks and investment funds could be even better where the practical work with ethics and social responsibility is concerned, we have found the majority of players to be both interested in what we presented and heedful of our requests. A number of the players are also very knowledgeable about the situation in the occupied Palestinian territories, are aware that many of the companies described in this report are involved in disputed activities in the occupied Palestinian territories and already monitor those companies on that basis. All the same, a number of the players exhibit neither the will to exclude these companies on account of their violations in the occupied territories nor to enter into dialogue with the companies concerning such violations.

## ALSTOM

Alstom is a multinational company with headquarters in France. The company is active within energy supplies and the transport sector.

Alstom is involved in the Jerusalem Light Rail project in Jerusalem, connecting the city to surrounding settlements. Alstom owns 80% of the company responsible for "Engineering, Procurement and Construction" of the project and is sole owner of Citadis Israel, contracted to supply maintenance services to the project for 22 years. Alstom supplies the tramcars for the project. In January 2011, Alstom sold its shares in CityPass (the company which won the contract for the construction and operation of Jerusalem Light Rail) to two project partners, Ashtram and Israel Infrastructure Fund.<sup>68</sup>



Carriages for the tramway that connects Jerusalem with the settlements around the city. Photo: Stop the Wall

Israel has annexed East Jerusalem in breach of international law. Projects which contribute to the annexation are thus also viewed as in breach of international law.<sup>69</sup> Jerusalem Light Rail is a city tramway that runs from West Jerusalem via the Old City to the Israeli settlements Psgat Zeev and Neve Yakov in East Jerusalem. The project allows tighter links between these settlements and the rest of the city, something which the Israeli authorities have openly expressed to be one of the intentions of the tramway.

The city light railway contributes to strengthening the settlements' lasting existence in occupied territory and thus forms part of Israel's breach of the Fourth Geneva Convention, Article 49(6), which forbids an occupying force from moving its own civilian population into an occupied area.<sup>70</sup> In 2010, the UN Human Rights Council passed a resolution which expressed serious concerns about "(g) *The Israeli decision to establish and operate a tramway between West Jerusalem and the Israeli settlement of Pisgat Zeev, which is in clear violation of international law and relevant United Nations resolutions*". Norway and 45 of 46 other countries voted in favour of the resolution.

Alstom is a key player in the Jerusalem Light Rail project. The company thus helps strengthen Israel's annexation of Jerusalem and the development of illegal Israeli settlements.

**Website: [www.alstom.com](http://www.alstom.com)**



## IDB/CLAL GROUP AND CEMENT ROADSTONE HOLDINGS (CRH)

IDB is a conglomerate of Israeli and international companies. IDB controls Clal Group which in turn owns 75% of Neshor Israel Cement Enterprises through Mashav Initiating and Development.<sup>71</sup>

CRH is an Irish company operating within construction materials. CRH has dozens of subsidiaries around the world, including Israel. The company owns 25% of Mashav Initiating and Development. Mashav is a holding company and sole owner of Neshor Israel Cement Enterprises.<sup>72</sup> Neshor is the only cement producer in Israel and it is estimated that the company delivers between 80 and 90% of all the cement used in Israel and the occupied Palestinian territories. Neshor has supplied cement for the building of the Wall, military checkpoints, settlements on the West Bank and Israeli construction work in the occupied territories. Neshor's products have been observed at construction sites in West Bank Settlements and in connection with the construction of Jerusalem Light Rail, which links surrounding settlements with the city centre.<sup>73</sup>

In 2004, the International Court of Justice in The Hague concluded that the wall Israel had built, and continued to build, on the West Bank was in breach of International Law. When Amnesty International in 2004 asked the CEO of CRH (which is one of the company's owners) to elucidate upon the company's involvement in the building of the wall, he admitted that, according to reports, "in all probability, Neshor's cement had been used in the construction of the wall". In 2011, Ireland Palestine Solidarity Campaign (IPSC) presented a complaint about CRH to the national OECD contact point in Ireland.<sup>74</sup> The complaint is being processed and CRH has informed the contact point and IPSC that they are preparing their response.

Neshor delivers a strategically crucial product to the construction of core elements of the occupation. The company and its owners are aware of what the cement is used for but continue to provide supplies. In this way, they continue their complicity in Israel's breaches of international law.

**Websites:** [www.idb.co.il](http://www.idb.co.il) [www.cli.co.il](http://www.cli.co.il) [www.crh.iel](http://www.crh.iel)



The human wall outside of CRH's General Assembly in Dunlaoghaire, Co. Dublin May 2011. Photo: Greg Manahan/iDirect Productions

## ISRAEL ELECTRIC CORPORATION

Israel Electric Corporation is a state owned company that constructs and operates electricity supply infrastructure and delivers electricity to Israel and the occupied Palestinian territories. The Council on Ethics has previously assessed Israel Electric Corporation in relation to their manipulation of electricity supplies to the Gaza Strip in the winter of 2008 and their supply of electricity to the settlements. Israel Electric Corporation plans and builds electricity supply infrastructure in Israel and to Israeli settlements in the occupied Palestinian territories.

The construction of IEC's electricity supply network is a necessary precondition to the development and building of new settlements and so-called "outposts". These are settlements established by civil groups but which are nevertheless supported by Israeli institutions in the form of construction of necessary infrastructure and which are often granted official settlement status by the Israeli authorities at a later date.<sup>75</sup> One such instance is the settlement of Migron, which began life as a "guard container" for a mobile antenna on confiscated Palestinian land. The electricity supplies established by IEC have helped enable the spread of accommodation containers to such an extent that Migron has become the largest outpost on the West Bank.<sup>76</sup>

IEC is directly involved in the occupation through its establishment of crucial infrastructure to existing and new settlements. New construction sites and the establishment of new settlements would not be possible without IEC's provision of electricity infrastructure and supplies which are specific to the purpose. This is a violation for which IEC should be held accountable.

**Website:** [www.iec.co.il](http://www.iec.co.il)

## G4S

G4S is an international company providing private security services. G4S is a result of the 2004 merger of the British company British Securicor and the Danish Group 4 Falck. G4S owns 91% of the shares in G4S Israel (Hashmira<sup>77</sup>). G4S has positioned itself within the rapidly growing private security industry in Israel and is involved in a number of ways in the occupied Palestinian territories.<sup>78</sup>



G4S security system installed in the supermarket Yesh in the settlement Modi'in Illit in April 2010.  
Photo: Who Profits

The company has delivered equipment to Israeli military checkpoints and terminals on the West Bank and Gaza Strip, including luggage scanners and full body scanners. The company has also delivered security systems to prisons for Palestinian political prisoners in Israel and the West Bank, including those at Ktziot, Megido and Damon in Israel and Ofer on the West Bank. The placement of prisons for Palestinian prisoners inside Israel and the transfer of prisoners to the occupying force's territory is illegal under international law and constitutes a war crime. The Fourth Geneva Convention, Article 76 explicitly states: "*Protected persons accused of offences shall be detained in the occupied country, and if convicted they shall serve their sentences therein.*" G4S has delivered security systems to the detention and interrogation facilities at Kishon ("Al-Jalameh") and to the "Russian Compound" in Jerusalem. Human Rights organisations have gathered evidence which shows that Palestinian prisoners are routinely exposed to torture in these centres. The company has also delivered equipment to the West Bank Israeli Police headquarters, located in the highly contested E-1 area next to the Ma'ale Edomim settlement.

When, in 2002, it became known that Hashmira, then owned by Group 4 Falck, had at least 100 armed security guards at the illegal Israeli settlement of Kedumim, the company announced it would be pulling out of the settlements. Despite this, it was demonstrated that G4S was continuing to offer such security services to the settlements and, in a letter to the Business and Human Rights Resource Centre in December 2010, G4S confirmed that they were still providing security services to various businesses in Israeli West Bank settlements: "*In 2002 we announced that we were withdrawing from several contracts providing security officers to residential settlements in the West Bank. Since then we have not performed such work, nor bid for any such contracts. However, we continue to serve major commercial customers, for instance supermarket chains, whose operations include the West Bank. Under these contracts we will provide security officers to protect the premises of these commercial clients who serve the general public.*"

In October 2011, the Danish research centre Danwatch revealed that G4S remained involved in the Israeli occupation industry through deliveries to the Israeli armed forces, prisons and settlements.<sup>79</sup> This was despite the fact that the company had again announced in March 2011 that they would be ceasing these activities owing to ethical considerations. When confronted with this, it turns out that the company has put off its withdrawal from the occupied territories until 2015 and it will then only apply to a limited part of their activities. They will continue to be involved in the provision of security services to banks and supermarkets in the illegal Israeli settlements. The company also continues to supply security equipment to prisons holding Palestinian political prisoners and to Israeli police stationed on the West Bank.

**Website:** [www.g4s.com](http://www.g4s.com)

## CATERPILLAR

Caterpillar is an American company that builds and supplies bulldozers to the construction industry and industrial enterprises. The company's D9 bulldozers are used by the Israeli army to demolish Palestinian homes in the occupied territories and to destroy Palestinian agricultural land and other infrastructure so that the construction of the Wall and Israeli settlements can take place on Palestinian land. Using these bulldozers, the Israeli army has demolished over 11,795 Palestinian homes over the last ten years.<sup>80</sup>

Caterpillar equipment has also been used in military operations and as a weapon. For example, the Israeli army employed unmanned (Dawn Thunder) bulldozers in its attacks on the Gaza Strip in December 2008 and have otherwise used an unmanned variant of the company's smaller (Front Runner) vehicle, which is designed specifically for urban warfare.

Caterpillar bulldozers have been sold to the state of Israel as part of the USA's military support of Israel. Caterpillar's sole representative in Israel – Zoko Enterprises – and their exclusively owned subsidiary, ITE, are responsible for the technical upgrading of this equipment for the Israeli army as well as for ongoing maintenance contracts, including during military operations.

In Caterpillar's "Code of Worldwide Business Conduct" it states, among other things: "*We believe that our success should also contribute to the quality of life and the prosperity of communities.*"

A raft of reports from human rights organisations demonstrate the mentioned demolition of homes to be in breach of international law. Under humanitarian law, the occupying power is responsible for protecting the civilian population in the occupied area. Humanitarian law limits the destruction of property solely to military operations. Article 53 of the Fourth Geneva Convention states: "Any destruction by the Occupying Power of real or personal property belonging individually or collectively to private persons, or to the State, or to other public authorities, or to social or cooperative organisations, is prohibited, *except where such destruction is rendered absolutely necessary by military operations* [our italics]".

In 2004, UN Special Rapporteur on the Right to Food, Jean Ziegler, wrote to Caterpillar:

*"[...] there is also a concern that allowing the delivery of your D9 and D10 Caterpillar bulldozers to the Israeli army through the Government of the United States in the certain knowledge that they are being used for such actions, might involve complicity or acceptance on the part of your company to actual and potential violations of human rights, including the right to food."*

Caterpillar has been the target of several so-called "de-investment campaigns" in the USA, and several international campaigns continue against the company.<sup>81</sup>

Caterpillar sells Bulldozers to Israel in clear knowledge of their products being used specifically for purposes involving breaches of international law and serious violations of human rights under the Israeli occupation. Even if the company itself does not undertake these actions, it should nevertheless be held accountable since it has been aware for some time of these conditions and, despite them, continued to sell bulldozers to Israel.

**Website: [www.caterpillar.com](http://www.caterpillar.com)**



## RECOMMENDATIONS: INVESTMENTS

### **Norwegian authorities**

The Council on Ethics should recommend withdrawal from the companies mentioned in section 4.1.3.

Where withdrawal is either not recommended by the Council on Ethics or not effectuated by the Ministry of Finance, Norges Bank Investment Management should enter into dialogue with the companies with a view to the companies' changing their practice.

### **Norwegian Banks and investment funds**

Norwegian Banks and investment funds should withdraw their investments in the companies mentioned in section 4.1.3. and set these companies on their exclusion lists until such time as the companies cease violations in the occupied Palestinian territories. In instances where the banks and investment funds do not consider companies' activities sufficiently serious as to warrant withdrawal, they should enter into dialogue with the companies with a view to the companies' changing their practice.

Banks and funds should publish exclusion lists and generally practice openness in relation to customers and the public at large where investment portfolios are concerned.

### **Private Persons**

We call upon private persons with savings in funds to ask their bank or investment fund to check that their funds do not have investments in companies which are active in the occupied territories, and to change fund, bank or investment fund if the funds are so invested and are unwilling to consider excluding these companies from their portfolios.

Production and trade is an integrated part of the occupation, as we also saw from the chapter regarding the industrial zones on the occupied West Bank. We believe, therefore, that it is important to reveal that there is a Norwegian trade in goods from the occupied territories and with

companies that operate in occupied areas. We also cast a spotlight on deficiencies in official Norwegian policy where recommendations and practice in relation to trade with companies in occupied areas is concerned.

We will initially examine Norwegian trade with companies which have production in the occupied territories, including trade in goods which are produced there. Thereafter we will look at Norwegian practice in relation to statistics and customs procedures where goods from Israel and Israeli settlements are concerned.

### 5.1. Norwegian Trade with the Occupation

This report looks at a relatively small number of Norwegian companies that trade in goods from the settlements or with companies that have operations in the occupied territories. As we shall see in Chapter 5.2., there are no Norwegian statistics that distinguish between goods imported from Israel and goods imported from the settlements. We suppose that there are also other companies than those mentioned in this chapter which trade in goods from the settlements or with companies that have operations in the occupied territories. Our selection is based on a few known cases which we have examined a little more closely. It does not rule out other such cases existing.

This part of the report deals firstly with the import of fruit and vegetables to Norway from Israeli suppliers which have parts of their production in the occupied territories. We have chosen to look at BAMA and Coop's imports from these suppliers in particular but we have also looked at a few other Norwegian importers of fruit and vegetables. This is followed by two examples of other products which are manufactured in settlements/industrial zones on the West Bank and sold in Norway: Ahava cosmetic products and SodaStream carbonated soft drink machines.

#### 5.1.1 IMPORT OF FRUIT AND VEGETABLES

We have looked in particular at BAMA and Coop's imports of fruit and vegetables and have been in dialogue with both companies during work on this report. We have also contacted a further five Norwegian companies that import fruit and vegetables in order to obtain basic information about how much they import from Israel of whatever agreements they might have where the import of goods from the occupied territories is concerned.

BAMA has written agreements with its suppliers in Israel, saying that fruit and vegetables produced in occupied areas are not to be delivered to BAMA. Coop has a written agreement with their Israeli suppliers stating that the suppliers will only supply goods produced and packed from non-occupied areas. According to Coop themselves, the intention of this agreement is to avoid any trade with the settlements.

Norwegian People's Aid and the Norwegian Union of Municipal and General Employees think it very positive that BAMA and Coop have taken up a position against buying settlement produce and that they have entered into agreements about this with their suppliers. We nevertheless regard it as problematical that BAMA and Coop continue to cooperate with suppliers which have parts of their production in occupied areas and show no desire to cease such production.

Three of the five other importers asked (Interfrukt, Rolsen Engros and Økern Frukt) failed to respond concerning their guidelines in this area. Interfrukt nevertheless confirmed that they import fruit and vegetables from Israel via the Netherlands while the no response to our enquiries was forthcoming from the other two. By means of a terse email, Bernhold Bottolfsen confirmed that they import goods from Israel for about NOK 10 million per annum and that they have no contacts corresponding to those BAMA and Coop have with their suppliers. Engros-frukt/Br.Raastad confirmed that they do not import goods from Israel.

- The Israeli agricultural company **Mehadrin**<sup>82</sup> is the largest Israeli supplier of fruit and vegetables to Norwegian importers. Mehadrin has production in the occupied territories. According to Mehadrin themselves, this production is solely for the local market (Israel). Both BAMA and Coop import goods from Mehadrin.
- The Israeli supplier **Edom UK** exports parts of its production from a packing house in the Thomer settlement on the West Bank.<sup>83</sup> BAMA imports from Edom UK but believes that



**Mehadrin: The sign of the Mehadrin Group on a packing house for grapes in the settlement Beka'ot in May 2010.**  
Photo: CorpWatch

the contract they have with their produces makes it clear that they do not wish to receive goods produced or packed in the occupied territories even if it does not explicitly state that goods are not to be packed there.

- **Hadiklaim** is a cooperative of Israeli date producers. Many of these producers have their operations in the Jordan Valley in the occupied Palestinian West Bank.<sup>84</sup> The company's dates are marketed under names such as Jordan River, Jordan River Bio-Top, Mejdoul and King Solomon. Coop imports dates from Hadiklaim to Norway.

**BAMA** is the company in Norway which imports the most fruit and vegetables from Israel. According to the company itself, the total value of this import is around NOK 90 million per annum.<sup>85</sup> Largely speaking, BAMA imports from Israel comprise oranges, clementines, pomegranates, tomatoes, capsicums, potatoes and carrots. The company is owned by, and is the main supplier to, NorgesGruppen and Rema 1000.

In addition to Mehadrin and Edom UK, BAMA has a number of smaller suppliers/sub-suppliers in Israel, all of which say they produce only from land within the pre 1967 Israel borders.<sup>86</sup> Around four years ago, BAMA Palestinian

began cooperation with the producer Palestine-Gardens on the West Bank, in cooperation with Mehadrin.<sup>87</sup> Imports from Palestine Gardens to Norway are still not extensive, amounting to no more than a few million Norwegian kroner per annum, according to BAMA itself.

BAMA has been a member of the Ethical Trade Initiative Norway (IEH) since 2002. This entails, among other things, that BAMA has committed to work for the continual improvement of working conditions and environmental standards in line with basic International Labour Organisation (ILO) standards. On its website, BAMA writes the following: "BAMA requires honesty and integrity in all matters that concern our business operations. Our objective is to have a proper and orderly relationship with our employees, business partners, the environment and society in general. A healthy business philosophy requires corporate social responsibility [...] We understand that we cannot always assign this responsibility solely to the supplier. We believe that permanent changes are best accomplished by clearly stating our requirements and principles at the same time as expressing our willingness and ability to cooperate on the achievement of these changes."<sup>88</sup>

**Coop** imports fruit and vegetables from Israel for around NOK 3 million per annum. This largely consists of oranges, avocados,

grapefruit and dates. To date, Mehadrin has been Coop's main supplier while the dates, for example, are supplied by Hadiklaim. Mehadrin has a large number of sub-suppliers of the goods delivered to Coop. Coop now wishes to enter into cooperation with Miloupri, which is, in turn, part of the Milouot cooperative.<sup>89</sup>

Coop was amongst those to take the initiative for setting up the Ethical Trade Initiative (IEH) in 2000. IEH's declaration of intent comes as an attachment to all contracts Coop enters into with its suppliers. Coop's practice is that if a cooperative partner fails to act in line with the declaration, with Coop's Code of Conduct or other agreements, Coop will point to any such shortcomings through dialogue and give the company an opportunity to change before considering other measures if the company is either not willing to, or incapable of, making improvements.<sup>90</sup>

Coop also has the following to say about its policy vis-à-vis ethical trade: "Coop Norway SA and its subsidiaries are to consider workers' rights and human rights in addition to issues related to competitiveness when choosing suppliers; are to make it expressly clear to suppliers and producers that goods produced in such a way as to threaten workers' and other people's basic human rights will not be purchased; will demand that suppliers to Coop Norway SA are able to document that their production takes place in line with ethical policy and guidelines – and will develop procedures in order to verify this is the case [...] [our translation]"<sup>91</sup>.

## 5.1.2 AHAVA COSMETIC PRODUCTS

### Ahava Dead Sea Laboratories

make cosmetic products containing clay and minerals from the Dead Sea on the occupied Palestinian West Bank. The products bear the name Ahava (“love” in Hebrew) and are sold in Norway. As well as exploiting Palestinian natural resources for the production of their cosmetics, the company’s factory and visitor’s centre lie in the Israeli settlement of Mitzpe Shalem by the Dead Sea on the occupied West Bank.<sup>92</sup>

Around 45% of the company’s shares are owned by the Mitzpe Shalem and Kibbutz Kalia settlements. This means that income from sales of Ahava products goes directly towards supporting the continued existence of these settlements.

### Sales of Ahava in Norway

Until March 2012, the VITA chain sold Ahava products in most of its 100 or so stores in Norway. During work for this report, Norwegian people’s Aid and the Norwegian Union for Municipal and General Employees entered into a good, constructive dialogue with VITA concerning these sales. In March, VITA announced that their official standpoint “from today’s date, is not to buy goods from areas occupied since the 1967 war”<sup>93</sup>.

VITA bases its decision on the settlements being established in breach of international law and on public statements from the Royal Norwegian Ministry of Foreign Affairs (UD) including an e-mail response to VITA, dated 14th March 2012, saying that Norway follows the 2004 advisory statement from the International Court of Justice in The Hague in which it is concluded that the settlements are built in breach of international law. VITA also mentions that the UN Security Council has similarly concluded on a number of occasions. Notification of VITA’s decision also refers to BAMA’s practice: “Norgesgruppen, owners of VITA through their 49% share, have, through their ownership in BAMA, concluded that purchase from areas occupied since 1967 is not



in keeping with company practice. VITA wishes to follow and chooses the same practice [our translation]”. Reference is also made to the Ethical Trade Initiative’s conclusion of saying ‘no’ to trading in goods produced in occupied areas and to disclosures from Norwegian People’s Aid and Who Profits that the extraction of raw materials occurs in occupied areas although, VITA notes, these claims are not confirmed by Ahava.

VITA concludes its statement by encouraging Ahava manufacturers to move their production facilities to “areas from before the 1967 war, together with the extraction of raw materials from before the 1967 war [our translation]” and by stating that if this were to be done, purchase of their products would be assessed in the normal fashion.

**Norwegian People’s Aid and the Norwegian Union of Municipal and General Employees wish to praise the VITA chain for setting a good example for other Norwegian enterprises which sell Ahava products or other products from the occupied territories.**

Although VITA’s decision has now been taken, a number of smaller perfumeries and health-food stores persist in selling Ahava products. In February 2012, we contacted importer Yngvar W. Andersen to encourage him to stop importing Ahava products to Norway.<sup>94</sup>

Ahava label their products with «Made in Israel” even if they are produced in the occupied Palestinian territories. The post code “86983”, visible on the packaging, is the post code to the Israeli settlement Mitzpe Shalem by the Dead Sea. Photo: Norwegian People’s Aid.



In response we received an exhaustive e-mail referring to Ahava’s stated policy in regard to these issues. Andersen additionally explained: “We have, besides, no link to what you call the Israeli occupation but to an Israeli company that legally extracts raw materials from Israeli areas, is situated in Israeli areas and, among other things, receives support from the EU [our translation]”<sup>95</sup>.

The packaging of Ahava products sold in Norway declares “Made in Israel” but below this, in the midst of a couple of Hebrew-only sentences, the post code 86983 may be found. This is the code for the Mitzpe Shalem settlement by the Dead Sea in occupied Palestinian territory. The misleading labelling makes it practically almost impossible for consumers to know that the product they are buying is not in fact produced in Israel but on the occupied West Bank.

In our work with this report, we have endeavoured to find out if Ahava products are imported to Norway as if “produced in Israel” and thereby benefitting from reduced import duties under the free trade agreement EFTA has with Israel. Despite several enquiries made to both the Norwegian Directorate of Customs and Excise and to the Ministry of Finance, we have not succeeded in getting an answer as to how goods from Israeli settlements on the West Bank are processed if labelled

“produced in an Israeli settlement” by the importer. Nor have we learned if any routines exist to control if goods made in Israeli settlements are imported as “Produced in Israel” and thereby benefit from reduced customs rates. More information concerning these issues can be found in Chapter sections 5.3.1. and 5.3.2.

### 5.1.3 SODASTREAM CARBONATED SOFT DRINKS MACHINES

SodaStream carbonated soft drinks machines are one of the products to receive attention for being produced in the occupied Palestinian territories, more specifically in the Mishor Adumim Industrial Zone on the West Bank. Owing to the fact that the manufacturer has now opened a factory in Israel (within the pre-1967 border), it has become more difficult to prove which components and products come from this factory and which from the factory on the occupied West Bank. Bearing in mind the length of time that the company has persisted with most of its production in the occupied territories without being willing to consider the removal of its entire production to within Israel, trade in these products should nevertheless be regarded as problematical. In January 2011, the Israeli organisation Who Profits published a comprehensive report about SodaStream, including details of how all factories in Mishor Adumim, including that of SodaStream, pay a local tax to Ma’ale Adumim Municipality. thereby contributing direct financial support to one of the largest Israeli settlements on the West Bank (Ma’ale Adumim).<sup>96</sup> In September 2011, Who Profits again paid visits to SodaStream’s production facilities at Alon Tavor (near Afula in Israel) and Mishor Adumim. They discovered that the manufacture of the carbonated soft drinks machines and the filling of the associated gas canisters take place at Mishor Adumim. Indeed, the only parts of the production process to take place at Alon Tavor were, according to the Who Profits report, the assembly and painting of the machines.



**SodaStream-products are increasing in popularity, also in Norway. The company's headquarters are situated in the Israeli settlement Ma'ale Adumim. Photo: Werner Anderson.**



The Swedish organisation Diakonia has worked for a number of years on the issues to do with the sale of SodaStream products in Sweden.<sup>97</sup> The products were on sale both at Coop and ICA in Sweden, both of which said they had received assurances from SodaStream that the products delivered to the Swedish market were not produced on the occupied West Bank. This work led to several report items on Sweden's TV4 where it was revealed that production of the SodaStream machine "Pure", despite such assurances, was still (as of August 2011) taking place at Mishor Adumim on the West Bank.<sup>98</sup> Coop in Sweden, which for several years has had a declared policy of not selling goods from occupied areas, thereafter stopped sales of SodaStream products for a period.<sup>99</sup> Both Coop and ICA in Sweden, however, have resumed selling the products.

In January 2012, Diakonia in Sweden received an e-mail from the head of Coop's media communications department, Magnus Nelin, in which the following explanation was given as to how Coop could be sure that the products no longer came from Mishor Adumim and that selling them in Sweden, therefore, was no longer problematical:

*"In response to your question as to where the products we sell are produced, please refer to the list below, from a third-party auditor: Duo Pet black – Alon Tavor (N.Israel), 0.5l Pet all kinds – Alon Tavor (N.Israel), Metal Pet – Alon Tavor (N.Israel), Genesis titan – Produced in China, Jet black – Produced in Alon Tavor, Spare gas - Produced in Turkey, filled in Holland or Sweden [our translation]"<sup>100</sup>.*

### **Sales of SodaStream products in Norway<sup>101</sup>**

SodaStream products are sold in Norway by Jernia, Elkjøp, Lefdal, Smart Club and Binders, among others. The importer to the Scandinavian market, including Norway, was, until recently, the Swedish enterprise Empire. In a press release on 22nd December 2011, Empire announced that SodaStream International B.V. (SST) had bought the distribution rights to all SodaStream products in Scandinavia, Finland and the Baltic countries from Empire AB and that the new agreement would come into force from January 2012.<sup>102</sup> In an e-mail to Norwegian People's Aid in February 2012, SodaStream confirmed that the agreement was now in force and that they owned all distribution rights in Norway.

We contacted Yonak Lloyd, media spokesman for SodaStream in February 2012 and asked him to confirm if SodaStream products sold in Norway have components produced in occupied areas. We also asked for sales figures of SodaStream for Norway in 2011. We received the following reply: *"Yes, SodaStream now directly owns the distribution rights in Norway and all products sold there are made in factories that are not on land whose ownership is currently the subject of dispute. We do not provide sales figures by country"*<sup>103</sup>.

From the information given concerning products sold in Norway, it is difficult to verify whether or not it is correct that such products are now manufactured in factories which are not in the occupied territories. The packaging of many SodaStream products carries the address Gilboa Street, Airport City, Ben Gurion Airport, 70100 Israel. This location does not house a SodaStream factory, a point confirmed by the Swedish organisation Diakonia, which visited the address in order to find out. In other words, SodaStream label their products with the address of an office in Airport City, alongside the Ben Gurion Airport, Tel Aviv, making it impossible for ordinary consumers to know where the products are actually produced.



**SodaStream label many of their products with this address, even when the company does not have production facilities at this address by the airport in Tel Aviv. Photo: Norwegian People's Aid.**

## 5.2. Settlement Produce: Statistics and Labelling

The framework regulating trade between Israel and European importers consists largely of EU and EFTA regulations and free trade agreements with Israel. Because these agreements do not explicitly distinguish between Israel and the occupied territories, and because Israel refuses to accept such a distinction, there are great challenges related to customs procedures and statistics where produce imported from the occupied territories to Norway is concerned. We have sought to understand Norwegian practice in this area and give recommendations on the basis of what emerges as the greatest challenges. That settlement produce sold in Norway is labelled “Made in Israel” is a particular problem because it makes it impossible for consumers to know if the goods are produced in the occupied Palestinian territories.

### 5.2.1 STATISTICS

According to the Central Statistics Office (SSB), imports from Israel to Norway in 2010 – the most recent data available – amounted to NOK 652.8 million. The largest product group, according to the statistics is still “vegetables and fruit”, with Norwegian companies importing goods from Israel worth NOK 134.1 million in 2010. It is nevertheless clear that technology and communications is in the process of overtaking fruit and vegetables where the largest product group of imports from Israel to Norway is concerned. In 2010, the collected value of technological-, communications- and industrial equipment imports from Israel totalled over NOK 220 million.<sup>104</sup>

In this report, we are specifically concerned about trade links with companies which have all or parts of their production in settlements/ industrial zones on the occupied West Bank. Where gaining a reliable overview of the import of goods from Israeli settlements to Norway is concerned, a major challenge is that it is extremely difficult to find publically available statistics that show the extent of such imports. In our work on this report, we have been in contact with the Central Statistics Office (SSB), the Norwegian Directorate of Customs and Excise (TAD) and the Ministry of Finance to try and arrive at an understanding as to how goods produced in Israeli settlements are dealt with and where such imports are registered in official Norwegian statistics. The responses we have received are contradictory to a certain extent and we have so far been unable to ascertain whether or not separate statistics concerning imports from settlements are indeed kept.

Where statistics on imports from the area are concerned, SSB informs us that they get information from the Customs Authorities in two categories, “Israel” and “Palestine”, registered as “Israel” and “The West Bank/Gaza Strip” respectively in official statistics.<sup>105</sup> Neither SSB nor TAD are able to answer if any official statistics distinguish between produce imported from Israel and produce from Israeli settlements.<sup>106</sup> In response to questions concerning the existence of official statistics covering imports from Israeli settlements to Norway, TAD replied as follows in an e-mail from January 2012: “As to whether there exist official statistics that distinguish between goods imported from Israel and goods from settlements on the West Bank, beyond what the customs authorities are notified of through customs declarations, the Directorate of Customs and Excise is unable to answer [our translation]”<sup>107</sup>.

In January 2012, we asked the Ministry of Finance by means of an e-mail if they were able to confirm the non-existence of separate official statistics giving an overview of annual total imports from Israeli settlements, since neither SSB nor TAD were able to give us an answer to this question. The answer we received was as follows. “It may be observed that Norwegian trade

statistics – in all probability like those of most other countries – are based on the data the Central Statistics Office receives from the customs authorities, including information about the goods’ country of origin as given in customs declarations. As with all other statistics, caution should be exercised in drawing conclusions from figures at an aggregated level [our translation]”<sup>108</sup>.

It has thus proven to be impossible to obtain confirmation from Norwegian authorities as to the existence of official statistics concerning goods imported from Israeli settlements to Norway.

### **5.2.2 LABELLING OF GOODS FROM SETTLEMENTS**

Goods from settlements which are then sold in Norway (see the example of Ahava on page 39) are also labelled “Made in Israel”, making it impossible for ordinary consumers to know whether the goods are actually produced in the occupied territories. This is in breach of the Marketing Control Act<sup>109</sup> (equivalent to the British Trades Descriptions Act) which states, among other things, that: “A trade practice is misleading if it contains incorrect information and is thus untruthful or

is in any other way liable to mislead consumers [...] [our translation]”.

The Marketing Control Act also states that: “A trade practice is misleading if, in its concrete context and subsequent to overall assessment, it omits or hides important information which, given the context, consumers need to know in order to be able to take an informed economic decision or presents information in such a way that is unclear, incomprehensible, ambiguous or inappropriate” (our translation). The Act goes on to specify that: “The practice is only considered to be misleading, however, if it is liable to influence consumers into taking an economic decision they would otherwise not have taken [our translation]”.

We wish to see active encouragement on behalf of the Norwegian authorities not to import goods produced in the occupied territories and to avoid all trade links with the settlements. We thus do not wish to focus primarily on the labelling of products or make any recommendations in this area, merely to point out that such incorrect labelling is, in all probability, in breach of Norwegian legislation.

## 5.3. Customs Clearance and Free Trade: Framework and Norwegian Practice

A major problem with the framework around customs procedures, as it functions today, is that neither Israeli exporters nor Israeli authorities are bound by law to label settlement goods or accompanying documentation with any other location of origin than “Israel”. Moreover, documents for goods produced in occupied areas are to be labelled with the postal code for the Israeli settlement/industrial zone where the goods were produced but the country of origin may still be given as “Israel”.

Below, we explain why this has come about and give some recommendations as to what should be changed to more comprehensively avoid settlement goods benefitting from reduced customs duties.

### 5.3.1 CUSTOMS CLEARANCE AND FREE TRADE

The relationship between the EU and Israel, and between EFTA and Israel, is regulated by a number of agreements where trade is concerned. The most relevant agreements for Norway are those that regulate the relationship between EFTA and Israel and the Palestinian Independent Authority respectively<sup>110</sup>:

- The free trade agreement between EFTA signatories and Israel from 1st January 1993.
- The free trade agreement between EFTA and the Palestinian Independent Authority from 1st July 1999.
- The 2005 Administrative Arrangement/ Technical Arrangement<sup>111</sup> between the competent authorities of the EFTA states and Israel concerning proof of origin issued in connection with the free trade agreement and the bilateral agricultural agreement.

One of the provisions of the EFTA-Israel agreement is to allow reduced customs duties on a range of goods from Israel that would not otherwise benefit from such rates. The problem was that the 1993 agreement between EFTA and Israel also covered Palestinian areas occupied by Israel, on the grounds that such preferential customs treatment was also to be extended to Palestinian producers. An unforeseen consequence was that goods from Israeli settlements were also given preferential tariff treatment. On 1st July, 1999, EFTA entered into a separate free trade agreement with the PLO (on behalf of the Palestinian Independent Authority). It was then made clear that it was no longer to be possible to obtain preferential tariff treatment from the occupied Palestinian territories through the Israeli Agreement, either for Palestinian producers (who could thereafter obtain such treatment through the new agreement between EFTA and the Palestinian Independent Authority) or for producers in Israeli settlements (who were not to benefit from reduced rates).

It took many years of negotiations before a compromise was struck in relation to ensuring against goods from Israeli settlements receiving reduced rates or free customs clearance. In 2005, a “Technical Arrangement” was sanctioned by the EFTA states and Israel as an appendix to the previous free trade agreement. It was therein agreed that goods from settlements were to be marked with the postal code for the town, village or industrial area where the goods had their “wholly obtained originating status”<sup>112</sup>. EFTA introduced this arrangement approximately six months after the EU had done the same. This is a compromise entered into by the European countries and Israel on the grounds that Israel refuses to accept the internationally held view that the

Palestinian occupied territories are in fact occupied, and is thus unwilling to write anything other than “Israel” on documentation accompanying exported goods even when those goods originate in the occupied Palestinian territories. For their part, the European countries do not consider goods produced in areas occupied by Israel since 1967 to qualify for customs clearance under any of the free trade agreements between Israel and the EU or Israel and EFTA.

Through this solution – where export declarations from Israeli exporters need only be labelled with a postal code or the name of the production location rather than clearly labelling the product to have come from a West Bank settlement – the burden is placed on the various EU and EFTA customs authorities, including the Norwegian Directorate of Customs and Excise, to examine the postal codes entered in every export declaration to ensure that settlement goods are not given preferential tariff treatment. The EU Commission has subsequently produced an overview of postal codes in Israel indicating which postal addresses lie within Israel’s pre-1967 borders and which lie in occupied areas. This list remained confidential until recently but all EU and EFTA customs authorities have received it, making it theoretically possible for the Norwegian customs authorities, for example, to check all import documents from Israel. It has not proved possible for us to obtain confirmation from the Norwegian customs authorities as to what extent this is done. The arrangement is attracting increasing scrutiny both within the EU and in other European countries.<sup>113</sup>

In February 2012, a legislative motion was put forward and sanctioned in the European Parliament to introduce a simplification of the EU's Technical Arrangement with Israel.<sup>114</sup> In the same month, a consultation paper was sent out by DG Taxud<sup>115</sup> in connection with a proposal to issue a new directive to importers in EU countries. According to organisations such as Mattin Group, such a directive gives importers the responsibility of ensuring that settlement goods do not get customs treatment as if they were from Israel. What is positive about this is that the list of postal codes must therefore be made public. What is negative is that responsibility of checking whether imported goods are from Israel or from a settlement is given to the

importers in EU countries rather than the Israeli authorities and exporters. Importers are thus also given the responsibility for requesting preferential tariff treatment if the goods are from Israel. In other words, Israeli exporters and customs authorities can continue to write that settlement produce from the occupied territories is from Israel as long as they additionally include the postal code so that importers can verify if the products are from a settlement or not. We contacted the Norwegian Ministry of Trade and Industry (NHD) with questions concerning the likelihood of this arrangement also being introduced in EFTA countries. In an e-mail dated 28th March 2012, NHD confirmed that they had no knowledge of any proposed changes to the free trade agreement between EFTA and Israel. A large number of

European organisations are now calling for a new requirement to demand that Israel explicitly start writing that goods are from settlements on export declarations. The responsibility for this must lie with Israeli authorities and exporters and not with various bodies in the importing countries. It has thus been made clear by the EU, EFTA and the Norwegian authorities that settlement produce is not to benefit from advantages given under the free trade agreement with Israel. In February 2010, a judgement was given in the European Court of Justice in a case involving the German company Brita (see information about the Brita Case below<sup>116</sup>). The judgement helped clarify the EU position on this issue by stating that Israeli produce originating on the West bank should not qualify for preferential treatment under the EU-Israel "Association Agreement".<sup>117</sup>

## THE BRITA CASE

Brita is a German company that imports products originating from an Israeli settlement (SodaStream carbonated soft drinks machines). On 10th July 2006, they appealed a judgement from a German court, which found that German customs officers had acted correctly when demanding import duties on these products. German customs demanded that import duties be paid since it could not be said with any certainty that the goods were covered by the "EU-Israel Association Agreement". The court to hear the appeal, Finanzgericht Hamburg, forwarded a number of questions to the EU Court of Justice. Questions included whether or not the EU-PLO agreement or the EU-Israel agreement could be used in instances concerning products certified as being of "Israeli origin" but demonstrably from the occupied Palestinian territories or, more specifically, the West Bank.

As a response to these enquiries, the EU Court of Justice confirmed that the "EU-Israel Association Agreement" and the "EU-PLO Interim Association Agreement" cover two distinct areas: The first covers the territories of the State of Israel and the second the territories of the West Bank and Gaza Strip. The opinion of the court was that if one accepted that the Israeli authorities could issue proof of origin for goods originating on the West Bank, this would be the same as compelling Palestinian customs authorities to waive their right to exercise the competence conferred upon them by virtue of the "EU-PLO Interim Association Agreement. This would be tantamount to imposing an obligation upon them without their consent, in breach of the Vienna Convention on the Law of Treaties, paragraph 34, which states that "a treaty does not create either obligations or rights for a third State without its consent".

The judgement in the EU Court of Justice states that Israeli customs authorities have no authority to issue valid proofs of origin for products originating on the West Bank. It is therefore implicitly suggested that the Palestinian customs authorities alone have a right to issue proofs of origin for products originating from the settlements. This is despite the fact that the Court does not use the word settlements nor mention the Fourth Geneva Convention. In reality, of course, the Palestinian Independent Authority does not recognise the settlements, nor does it have any opportunity to exercise its own legislation in regard to the settlements.

The fact that the proof of origin is found to be invalid because it is not issued by an authority with the right to issue it, is no hindrance to the products' entering the EU area (or, In Norway's case, the EFTA area). The proof of origin only denotes the "economic nationality" of a product and determines which rules for taxes and excise duties apply. Thus, if a proof of origin is issued by the wrong authority, the product will be regarded as coming from a country that has not signed a specific trade agreement with the EU and be subject to excise duty accordingly.

### 5.3.2 CUSTOMS CLEARANCE AND FREE TRADE: NORWEGIAN PRACTICE

As we demonstrate in the section above, goods from Israeli settlements are not to be given reduced tariff charges when entering Norway. We have attempted to obtain confirmation from Norwegian authorities as to customs clearance practice relating to such products in Norway. It has proven to be impossible to get straightforward answers to such questions and we have received to some extent contradictory answers from, for example, the Norwegian Directorate of Customs and Excise and the Ministry of Finance.

In question time at the Storting on 11th May 2010, Dagfinn Høybråten (Christian People's Party) asked the Minister of Foreign Affairs if the free trade agreement with Israel also covered trade in goods originating from Israeli West Bank settlements. Foreign minister Jonas Gahr Støre gave the following reply: "It is Norwegian policy that considerations of the free trade agreement's territorial application be based on the internationally recognised borders of the countries concerned. *The free trade agreement between EFTA and Israel thus does not apply to trade in goods originating in the Israeli settlements on the West Bank [our translation and italics]* [...]" The free trade agreement between the EFTA states and Israel of 17th September 1992 states in Article 2 that this applies to goods originating in an EFTA state or in Israel. Moreover, Article 32 goes on to say that the agreement applies to the territories of the parties to the agreement. Where what is to be considered Israeli territory is concerned, the internationally recognised borders form the basis. This comprises territories under Israeli control prior to 4th June 1967 and, consequently, not the Golan Heights, the Gaza Strip or the West Bank and East Jerusalem. The free trade agreement between EFTA and Israel does not therefore apply to goods originating

in Israeli settlements on the West Bank [our translation]"<sup>118</sup>. Despite this confirmation by the foreign minister as to Norway's position in relation to the EFTA agreements, practice seems very much less clear.

In an e-mail from January 2012, TAD confirmed that "Israeli settlements and goods therefrom will come under the *EFTA-Israel agreement* [our translation and italics]"<sup>119</sup>. When we asked for confirmation that this would mean goods from Israeli settlements were currently given *customs clearance* under the EFTA-Israel agreement, i.e. benefitted from lower tariff rates under the agreement, TAD answered as follows: "[...] At customs clearance, goods from Israeli settlements will be registered as having the origin given by the declarer [our translation]"<sup>120</sup>. This is not an answer to the question, since it says nothing about how goods from settlements would be treated by customs if the declarer states that they are from a settlement.

We contacted the Ministry of Finance in order to obtain confirmation that TAD was correct in saying that goods from settlements were covered by the EFTA-Israel agreement. We received the following answer from the Ministry of Finance: "The Norwegian view of the free trade agreement's territorial application is based on the internationally recognised borders of the countries concerned [...]. *A product produced in Israeli settlements on the West Bank is consequently to be customs declared in accordance with the EFTA-PLO agreement* [our translation and italics]"<sup>121</sup>. When we asked the Ministry of Finance to confirm that goods produced in an Israeli settlement and declared to have their origin in a settlement in their import papers would not benefit from preferential customs treatment under the EFTA-PLO agreement or any other agreement, we only received the following unclear answer: "Briefly, reference is made to information previously provided; that is to say it must be supposed that Norwegian customs authorities

interpret and employ the rules concerning territorial limitations in our free trade agreements in accordance with what is internationally recognised under international law concerning the borders of the countries in question [our translation]"<sup>122</sup>.

Where the two contradictory answers from TAD and the Ministry of Finance are concerned, we refer to the judgement at the EU Court of Justice from February 2010 (see the boxed text concerning the Brita case) which stated that Israeli customs authorities do not have the authority to issue valid proofs of origin for products originating on the West Bank. Additionally, it is a fact that, although the Palestinian Independent Authority is the sole body able to issue proofs of origin from products from the West Bank under the EU or EFTA agreements, the Palestinian Independent Authority does not have jurisdiction over the settlements and regards them as illegal under international law. Goods from settlements are thus to receive customs treatment in the same way as goods from other countries with which Norway does not have free trade agreements through membership of EFTA and not under the free trade agreements with Israel or the PLO such as the case appears to be today, according to the answers given by the Norwegian Directorate of Customs and Excise and the Ministry of Finance.

We have also endeavoured to find out if the customs authorities in Norway carry out controls of goods from Israel to check if any of them are declared as coming from a settlement.<sup>123</sup> In an e-mail of 16th December 2011, the Norwegian Directorate of Customs and Excise confirms that they have issued a circular letter on the Internet in which it is pointed out that it has been determined that goods entitled to preferential tariff treatment being exported from Israel are to be accompanied by information on the proofs of origin as to which town, village or industrial area the goods in question achieved their originating status in relation to the EFTA-Israel

agreement. The purpose of this, according to the communication from the Directorate, is that it should be quite clear as to whether or not Israeli products were produced in territories covered by the EFTA-Israel agreement.<sup>124</sup> We further asked the Norwegian Directorate of Customs and Excise about the extent to which the Norwegian customs authorities carry out controls of goods from Israel to verify if the goods are from Israel or from a settlement and if there have been instances where incorrect labelling has been found, in the sense that goods labelled as produced in Israel were discovered to have been produced in a settlement on the West Bank. The Directorate replied that they did not wish to make public the means or extent of their controls and that they referred to the general statistics in the area.<sup>125</sup>

To further questions about what kinds of regulations exist in Norway/the EU concerning control routines and the extent to which Norway is obliged to check a certain amount of imports, the Norwegian Directorate of Customs and Excise replies that they “relate to the regulations contained within the EFTA-Israel agreement and national legislation [our translation]”. As mentioned in the previous chapter, the European Commission has produced a list of postal codes in Israel which may be used to show if a product comes from Israel or from a settlement in an occupied Palestinian area. In response to questions concerning the extent to which Norwegian customs authorities use this list to check imports from Israel, the Directorate replies: “The Directorate of Customs and Excise has received this list and *may* use it when controlling goods imported from Israel” [our translation and italics]<sup>126</sup>.

**This means, in conclusion,** that one cannot rule out the possibility of goods from Israeli settlements benefiting from preferential customs treatment intended for goods either produced in Israel [covered by the free trade agreement between EFTA and Israel] or goods produced by Palestinian producers in occupied areas (covered by the free trade agreement between EFTA and the PLO), although the latter, despite the answer given to us by the Ministry of Finance, is less likely while the Palestinian Independent Authority does not have jurisdiction over areas where the settlements lie. Largely speaking, this situation is probably a result of the applicable EFTA [and, to a certain extent, EU] regulations placing unrealistic responsibility on the individual EFTA or EU countries where responsibility for the treatment of goods from Israel in accordance with the regulations is concerned. Nevertheless, it is the responsibility of the Norwegian authorities to see to it that agreements are adhered to and that controls are carried out in order to ensure that goods from settlements do not benefit from preferential treatment. It must also be said to be regrettable that the Norwegian authorities are unable to answer a relatively simple question concerning how goods declared as being produced in a settlement will be dealt with when entering Norway.

In recent years, there has been a discussion in activist milieus and among European politicians concerning whether or not it would be possible to exclude products produced in Israeli settlements from import into Europe. Ongoing lobbying work, at both national level and in Brussels, seeks to bring about reductions in the import of settlement produce to Europe. On 25th October 2011, the Irish Minister of Foreign Affairs and Trade, Eamon Gilmore,

in response to a question in the Irish parliament as to the extent to which he supported the exclusion of goods produced in Israeli settlements in the occupied Palestinian territories, said the following: “The Government’s firm views on the establishment and continued expansion of illegal Israeli settlements in the occupied Palestinian territories are clear and well known. I would support any move at EU level to exclude settlement products from entry to the EU. However, it is clear that such a proposal would not at this point have any prospect of commanding sufficiently wide support”<sup>127</sup>.

In January 2012, the British newspaper, *The Guardian*, reported from the internal “Head of Mission” report from EU diplomats stationed in Jerusalem that one of the main recommendations in their report was to invite the European commission “to prevent/discourage financial transactions in support of settlement activity”<sup>128</sup>. The recommendations in the report were followed by a number of declarations of support to such a change in EU legislation, including a proposal to debate put forward in an “early motion” in the UK House of Commons in February 2012. Forty of the MPs present supported a call upon the British government to “facilitate and support effective EU legislation to ensure the cessation of EU finance for illegal Israeli settlements and that economic operators aiding and abetting the building, maintenance or servicing of illegal Israeli settlements be excluded from public contracts in the EU”<sup>129</sup>.

We believe that this statement from the EU’s highest ranking diplomats in the area lends support to the overriding recommendation regarding these issues from Norwegian People’s Aid and the Norwegian Union of Municipal and General Employees to the Norwegian authorities.

## CONTROL OF SETTLEMENT PRODUCE: AN EXAMPLE FROM THE UK

In July 2008, British authorities undertook a study of agricultural produce exported to the UK under the “EU-Israel Association Agreement”. The British authorities suspected that products from settlements were exported with documents giving postal codes from towns within Israel itself.

In January 2010, the Exchequer Secretary to the Treasury [a junior ministerial post in the ministry of finance] presented the results of the study during a debate in the House of Commons. The UK Border Agency, which had checked imports of fruit and vegetables from Israel, had discovered that attempts had been made to import agricultural produce from settlements under the EU-Israel Association Agreement, which gave the products preferential tariff treatment. It was apparent in some cases that, although the export declarations accompanying the goods gave postal codes in settlements, importers still put forward claims for preferential treatment. In other cases, settlement addresses were given on the goods’ packaging while, in other cases still, postal codes written on customs declarations were those of a head office in Israel and not of the actual location of production in the occupied territories.

In the House of Commons’ debate, Labour representative Phyllis Starkey referred to an article in a 2006 issue of the Israeli business magazine, “Globes”, where the possibilities of “fooling the system” were described as follows: “The method is easy: you invent an address within the Green Line and operate using this address. In this way you do not have to pay the customs fees that apply to products exported across the Green Line. The method works, but not for those whose company carries a name that gives away the true location – such as Golan Heights Wineries”.

## RECOMMENDATIONS: TRADE

### **Norwegian authorities**

Norwegian authorities should actively discourage Norwegian companies from importing goods produced in Israeli settlements in the occupied territories and from having any trade relations with the settlements.

Norwegian authorities should be a driving force in the establishment of regulations to prevent the import of settlement produce to Europe.

In anticipation of regulations to prevent the import of settlement produce, Norwegian authorities must actively contribute to processes at the European level in order to have Israeli authorities take greater responsibility for clearer origin labelling.

Norwegian authorities must ensure that data relating to imports from Israel, from Israeli economic activities in the occupied territories and from areas governed by the Palestinian National Authority must be generated and presented in such a way as to make it possible to discern the volume and value of goods imported from the respective areas from the Central Statistics Office data.

Norwegian authorities must ensure that the customs authorities have the resources needed to execute controls of goods imported from Israel in order to make certain that goods marked with postcodes of settlements in the occupied territories do not benefit from lower tariff rates under either the EFTA-Israel or EFTA-PLO agreements. Norwegian authorities must also provide clear guidelines as to how, and to what extent, such controls are to be carried out.

### **The business community in Norway**

Norwegian companies and importers should cease trading in goods produced in Israeli settlements and industrial zones in the occupied Palestinian territories.

Norwegian companies and importers should cease trading with companies that have production facilities or otherwise contribute to serious violations, in the occupied Palestinian territories.

### **Private persons**

We call upon people not to buy goods produced in Israeli settlements and industrial zones in the occupied Palestinian territories.

We call upon people not to buy goods from companies that have production facilities, or otherwise contribute to serious violations, in the occupied Palestinian territories.



## 6 SETTLEMENT FINANCING

As described in earlier chapters, the Israeli settlements in the occupied Palestinian territories are illegal under international law. The Norwegian authorities have pointed out on countless occasions that the settlements undermine the possibility of a peaceful solution between Israelis and Palestinians. On 22nd February 2012, Israel legalised 121 accommodation units and approved plans for the building of 574 new accommodation units in the Israeli outposts and settlements of Shvut

Rachel and Shilo on the West Bank. The following day, in a press release, Foreign Minister Jonas Gahr Støre said the following:

*“I strongly oppose yesterday’s approval by Israeli authorities of the building of new housing on the West Bank. The building of settlements on occupied land is illegal and in breach of international law. – I call upon Israel to reverse the decision. The settlements are illegal, in breach of international law and undermine*

*the possibility of a peaceful solution between Israelis and Palestinians”* [our translation]<sup>130</sup>.

Despite this, a number of organisations and individuals in Norway collect funds which go directly towards the expansion of the illegal settlements in the occupied territories, thereby directly contributing to the expansion and strengthening of the occupation.

### 6.1. The Karmel Institute Charitable Foundation and the Alonei Shilo Settlement

In Norway, the Karmel Institute in particular has found itself in the public spotlight for its work of collecting funds in support of settlements on the occupied West Bank [and previously on the Gaza Strip].<sup>131</sup> On its own website, the Karmel Institute confirms that 23 temporary housing units and three reading rooms in the illegal settlement of Alonei Shilo, towards the north of the West Bank, are paid for by money donated from Norwegians.<sup>132</sup> In an article in the newspaper *Fædrelandsvennen* in May 2011, John Skåland, leader of the Karmel Institute, confirms that he travelled several times to Israel during the course of 2010 carrying cash funds in his baggage for the settlers of Alonei Shilo. The largest single amount he took with him in 2010 was NOK 600,000.<sup>133</sup>

Alonei Shilo is a so-called “outpost”, established in 1999. It lies about 9 km from the “Green Line”, which denotes the pre-1967 Israeli border. The nearest settlement, which may be described as Alonei Shilo’s “mother settlement” and lies about 2 km away as the crow flies, is Karnei Shomron. Alonei Shilo lies on the eastern side of the separation wall on the West bank. According to Peace Now, the outpost consists of 45 temporary housing units and two permanent homes housing a total of 28 families,

although much may have changed since Peace Now wrote its report. The report also records an electricity room, a water tank, perimeter lighting and an asphalt access road. The outpost is not sanctioned by either the Israeli government or the Israeli defence minister. It is built on land which Israel regards as so-called “State land” and which is, moreover, a nature reserve. There is said to be an agreement concerning the allocation of this land area from Histadrut<sup>134</sup>, Israel’s largest trade union which, following the establishment of the State of Israel in 1948, bought up “abandoned” [read “confiscated”) Arab property. The outpost lies within the jurisdiction of the Karnei Shomron Regional Council.<sup>135</sup>

Despite the lack of official sanctioning, the Israeli Ministry of Housing has financed infrastructure to the tune of around NIS 700,000 [ca. NOK 1.2 million] and what are described as public buildings for around NIS 950,000 [ca. NOK 1.6 million). The outpost has also been approved for connection to the water system and electricity supply network.

In an article in *Fædrelandsvennen* on 23rd May 2011, Hagit Ofran of the Israeli organisation Peace Now is quoted as follows: “If it [Alonei

Shilo) does not have its papers in order, it is not what is called a settlement. The difference between the terms is to do with legality. And Alonei Shilo is simply not a permitted project. They do not have all their permits in order [our translation]”. It emerges from the same article that the Israeli Defence Force stopped new settlers from bringing further temporary housing units into Alonei Shilo in 2004 since they had permits to move to Karnei Shomron in the same municipality but not to Alonei Shilo. Moreover, a number of settlers were arrested by Israeli police in 2005 having brought in more temporary housing units to Alonei Shilo<sup>136</sup>.

In an article from 2010, Avia Nevo, leader of the settlement, confirms that they are building without permission from the Israeli authorities. Nevo explains that if the temporary housing units they are setting up are discovered before the walls and roofs are in place, they are confiscated. He further explains that the settlement “was given a gift of three temporary housing units by a Norwegian family before the stop to building was put into effect. We have taken great risks in erecting these units which now stand finished” [our translation]<sup>137</sup>.

### 6.1.1 TAX RELIEF SCHEME FOR GIFTS TO THE KARMEL INSTITUTE CHARITABLE FOUNDATION

When the Norwegian government put forward its National Budget for 2012 on 6th October 2011, it was announced that the government intended to tighten the current arrangements for tax exemption for gifts to voluntary organisations so that monetary gifts to organisations complicit in breaches of international law should no longer qualify for such tax exemptions.

Prior legislation determined that, from 1st January 2011, the Directorate of Taxes was annually to publish lists of the voluntary organisations to have received tax deductible gifts and the total sum of gifts each organisation has received.<sup>138</sup>

The list of approved organisations for 2012 was laid out on the Norwegian Tax Administration's website on 3rd January [and later updated on 13th January]. This list includes the "Karmel Institute Charitable Foundation", organisation number 871 462 402.<sup>139</sup> Norwegian People's Aid pointed this out in an e-mail to the Ministry of Finance on 6th December 2011 and enquired as to further case processing in relation to the implementation of criteria for the exclusion of organisations from the tax relief for gifts scheme. The Ministry of Finance replied the following in a letter dated 13th January 2012. "[...] Under the Law on Taxation Paragraph 6 – 50, taxpayers, upon determination of their income, receive tax deductions for gifts made to voluntary organisations which fulfil particular conditions laid down by law. With immediate effect from, and including, the 2012 tax year, authority has been granted through the Law on Taxation Paragraph 6 – 50 to enable the Ministry of Finance

to exclude organisations from the tax deductible gifts scheme with the purpose of ensuring Norwegian compliance with resolutions taken by the UN Security Council [our translation]". The Ministry of Finance goes on to explain in the same letter that it follows from Proposition 1LS (2011-12), Chapter 12 that "it is not desirable that the tax deductible gifts scheme of the Law on Taxation Paragraph 6 – 50 benefits organisations which actively support or contribute to certain actions which are in breach of international law [our translation]". The Ministry of Finance also confirmed in this letter that, as of 13th January, no decisions had been taken as to the exclusion of any organisations.

Norwegian People's Aid and the Norwegian Union of Municipal and General Employees sent a letter to the Ministry of Finance on 23rd January 2012 in which we requested the Ministry to consider the exclusion of the "Karmel Institute Charitable Foundation" on the basis of UN Security Council Resolution 465 (1980), calling on countries to refrain from giving Israel any kind of assistance that might be used in connection with settlements in occupied areas. We also referred to the fact that the Ministry of Finance itself points out that income deductions may be perceived as a kind of indirect state subsidy of a particular type of activity, and that this may suggest that an exclusion mechanism should be linked to any principles under international law that Norway may have in order to refrain from supporting this type of activity.

On its own website, the Karmel Institute confirms that 23 temporary housing units and three reading rooms in the illegal settlement of Alonei Shilo, towards the north of the West Bank, are paid for by money donated from Norwegians.

On 13th February, it became known through an article in the newspaper Dagen, that the Karmel Institute had received a letter from the Ministry of Finance in which the Ministry gave notice of “the instigation of proceedings under the Law on Taxation, Paragraph 6 – 50” [our translation] at the request of Norwegian People’s Aid and the Norwegian Union of Municipal and General Employees.<sup>140</sup> In an article in the newspaper Vårt Land on 5th March, John Skåland, leader of the Karmel Institute, declared that the Karmel Institute has no plans to change the work they undertake. He

also confirmed that people have given more money to Karmel’s collection in aid of Alonei Shilo since the law was changed and that two people donated NOK 205 000 and NOK 100 000 respectively in 2011.<sup>141</sup>

When the editorial process for the Norwegian version of this report was brought to a close at the end of March 2012, the case was still being processed by the Ministry of Finance.

**On 20 of September 2012, the Ministry of Finance announced that the Karmel Institute was to be**

**excluded from the tax relief scheme for gifts.**

In a press release from the Ministry, Secretary of State Roger Schjerva said, “We want to avoid that the tax relief scheme for gifts favours organisations that actively support or are complicit in actions that violate international law. That is why we introduced the exclusion mechanism. Due to new information about the Karmel Institute’s aid practice in 2012, the Ministry has found grounds to exclude the Institute from the tax relief scheme” [our translation]<sup>142</sup>.

## RECOMMENDATION: SETTLEMENT FINANCING

### **Norwegian authorities**

Norwegian authorities should introduce legislation that makes it illegal for Norwegian citizens and organisations to give financial support to the Israeli settlements. This would be in line with recommendations from EU diplomats in Jerusalem.<sup>1</sup>

Until such legislation is introduced, Norwegian authorities must ensure that organisations providing financial support to the settlements are removed from the list of organisations subject to the tax relief scheme for gifts to voluntary organisations.

### **Private persons**

We call upon all Norwegian individuals to refrain from giving money to Israeli settlements in the occupied Palestinian territories. The settlements constitute one of the greatest barriers to peace between peoples in the Middle East and Norwegian money should not contribute to the expansion or maintenance of the settlements.

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## Companies in which the GPFG has investments and which contribute to the occupation by means of their activities.

The Israeli organisation Who Profits has established a database of companies that are active in the occupied Palestinian territories and contribute to the occupation by means of their activities. As of March 2012, there are over 450 companies in this database. In the course of our work we have checked all these companies, international and Israeli, against the GPFG stock holdings report of 31.12.2011, resulting in a list of 50 companies in which the GPFG has investments.<sup>143</sup> Before publishing the third edition of the report, the list over companies in which the GPFG has investments and which contribute to the occupation by means of their activities was updated based on the stock holdings report of 31.12.2012. The updated list consists of 48 companies in which the GPFG has investments.<sup>144</sup>

### ALON GROUP (ISRAEL)

Alon Group is a holding company with a number of enterprises that are involved in the occupation. Alon Group owns Dor Alon, a company with the monopoly of delivering gas and petroleum to the Gaza Strip. Dor Alon also has a number of petrol stations and stores in various Israeli settlements on the West Bank. Alon Group also owns Blue Square, a chain store with branches and offices in many settlements across the West Bank. Alon Group also has the franchises for KFC and Pizza Hut in Israel, and owns 49% of the shares in Diners Club Israel.

Website: [www.alon.co.il](http://www.alon.co.il)

### ALSTOM (FRANCE)

See the boxed text on page 34.

### BANK HAPOALIM<sup>145</sup> (ISRAEL).

One of Israel's largest banks, whose activities include offers to finance building projects in Israeli settlements in the occupied territories, loans to house-buyers in the settlements, loans and financial services to the local authorities in the settlements and loans to Israeli businesses working in the occupied territories. For example, the bank helped finance the Jerusalem Light Rail project which was built to link the settlements surrounding Jerusalem to the centre of the city.<sup>146</sup>

The bank also benefits from the access it has to the Palestinian money-market, which is a market with a very limited freedom of choice. The bank also has branches in the Jerusalem settlements of Gilo and Pisgat Ze'ev, and in settlements in the Golan Heights.

Website: [www.bankhapoalim.co.il](http://www.bankhapoalim.co.il)

### BANK LEUMI (ISRAEL)

One of Israel's largest banks, whose activities include offers to finance building projects in Israeli settlements in the occupied territories, loans and financial services to the local authorities in the settlements and loans to Israeli businesses working in the occupied territories. For example, the bank helped finance the Jerusalem Light Rail

project which was built to link the settlements surrounding Jerusalem to the centre of the city.<sup>147</sup>

Through its subsidiary Leumi Mortgage Bank (100%), the bank offers loans to house-buyers in settlements. For example, an advertising hoarding in the settlement of Zufin proclaims that Leumi Mortgage Bank has special offers for private builders in the Zufin View Project. The bank also has branches in the following West Bank settlements: Ma'ale Adumim, Oranit, Pisgat Ze'ev, Gilo and Kiryat Arba, and in Katzerin on the Golan Heights. Leumi Mortgage Bank has a branch in a settlement area of Jerusalem.

Website: [www.bankleumi.co.il](http://www.bankleumi.co.il)

### B COMMUNICATIONS (ISRAEL)

B Communications is a holding company with shares in only one company: Bezeq<sup>148</sup>. B Communications is the controlling owner of Bezeq, with 31% of the shares in the company.

Website: [www.bcommunications.co.il](http://www.bcommunications.co.il)

### BEZEQ (ISRAEL)<sup>149</sup>

Israel's largest telecommunications company. The company delivers communications services to all the Israeli settlements, military bases and military checkpoints on the West bank, and to Israeli settlements on the Golan Heights. The company also built the telecommunications infrastructure for both the West Bank and the Golan heights.

Additionally, their wholly owned subsidiary Pelephone Communications has set up almost 200 antennae and other telecommunications infrastructure on occupied land on the West Bank and Golan Heights and delivers mobile communication services to Israeli settlers and soldiers in the occupied territories.

The company also owns YES, which delivers satellite broadcasts to a number of the military checkpoints and to all Israeli settlements.

Website: [www.bezeq.co.il](http://www.bezeq.co.il)

### **BLUE SQUARE (ISRAEL)**

Supermarket chain operating under the trading names Blue Square (Haribua Hakahol), Mega supermarkets and Shefa Shuk. The chain has premises in the industrial zones of Barkan and Atarot on the occupied West Bank and runs supermarkets in many of the west Bank settlements, including Ariel, Beitar Illit, Pisgat Ze'ev, GivatZe'ev and Modi'in Illit. The main share owners in Blue Square are Alon Group<sup>150</sup> (72%), ClalInsurance and Clal Holdings<sup>151</sup>.

Website: [www.bsi.co.il](http://www.bsi.co.il)

### **CARMEL HOLDINGS (ISRAEL) (FORMERLY BEITILI, PARTLY OWNED BY GAZIT GLOBE IN WHICH THE GPFH HOLDS SHARES)**

A holding company for a number of enterprises producing furniture, household articles and carpets. Subsidiaries under Carmel Holdings have factories and warehouses in the industrial zones of Shahak and Barkan on the West Bank. The main shareholders in the company are the Eitani family, while 11% of the shares are held by Gazit Globe.

Website: [www.betili.com](http://www.betili.com)

### **CATERPILLAR (USA)**

See boxed text on page 38.

### **CELLCOM (ISRAEL)<sup>152</sup>**

Israeli supplier of mobile telecommunications services. The company has set up almost 200 masts and other telecommunications infrastructure on occupied land on the West Bank and Golan Heights and delivers mobile communication services to Israeli settlers and soldiers in the occupied territories.

The company also draws considerable benefit from the structural advantages Israeli mobile telecommunications providers have in relation to Palestinian competitors in the Palestinian market.

Website: [www.cellcom.co.il](http://www.cellcom.co.il)

### **CEMEX (MEXICO)**

See boxed text on page 26.

### **CEMENT ROADSTONE HOLDINGS (IRELAND)**

See boxed text on page 35.

### **CLAL GROUP (ISRAEL)**

See boxed text on page 35.

### **CNH GLOBAL (FIAT COBELCO) (NETHERLANDS)**

Produces machines used in construction work. The company's products are used in the construction of settlements, the Wall and military checkpoints on the West Bank. Machines produced by the company have also been used to uproot trees in Palestinian agricultural land on the West Bank.

Website: [www.cnh.com](http://www.cnh.com)

### **COCA COLA (USA)**

Coca Cola produces and distributes soft drinks, milk products and beer. The company owns Tara, whose subsidiary Meshek Zuriel Dairy (51%) produces milk in the occupied sections of the Jordan Valley.

### **DELEK ISRAEL FUEL (ISRAEL)**

Delek is a fuel distributor. The company owns and runs two chains, Delek Petrol Stations and Menta Stores, in and around settlements on the West Bank. The Delek Group is a limited company, controlled by Yitzhak Tshuva.

Website: [www.delek.co.il](http://www.delek.co.il)

### **DEXIA GROUP (BELGIUM)**

A European bank specialising in banking services to the public sector. In 2001 bought Israeli Municipality Treasure Bank and set up Dexia Israel, which has provided long-term loans and other financial services to public authorities in Israeli settlements in the occupied territories.

As a consequence of public campaigns led by the Belgian Intal group, the bank declared in June 2009 that the financing of Israeli settlements broke its own ethical guidelines and that no new loans had been given to settlements on the West Bank since September 2008. Despite this announcement, the bank has continued to provide loans to local and regional settlement councils subsequent to September 2008. The group has also announced its intention of selling the Israeli bank but this sale had not been undertaken as of November 2011.

Owing to financial problems, Dexia Group began a reorganisation process in October 2011 involving the sale of Dexia Bank Belgium to the Belgian state and Dexia Municipal Agency to the French state. Dexia Group, with its headquarters in Brussels, still exists and controls Dexia Israel through its French arm, Dexia Credit Local.

Website: [www.dexia.com](http://www.dexia.com)

### **ELECTRA (ISRAEL AND GLOBAL)**

Electra is a conglomerate of Israeli and international companies. One of the company's subsidiaries, Katzenstein Adler, has operations in the industrial zone of Barkan, an Israeli settlement on the occupied West Bank. Another subsidiary, Electra Construction, has been involved in the construction of housing projects in settlements on the West Bank. The company also owns Ariel Properties, whose subsidiary Ariel Promol Malls Management markets and runs a shopping centre in Ramot, a settlement area in Jerusalem.

Electra is controlled by Elco Holdings, which owns 58.96% of the company's shares.

Website: [www.electra.co.il](http://www.electra.co.il)

### **FIBER TECH (ISRAEL) (OWNED BY KOOR INDUSTRIES AND MAKHTESHIM-AGAN)**

Produces glass fibre tubing and other products. The factory lies in Karnei Shomron, an Israeli settlement on the occupied West Bank. The company has also participated in a number of different infrastructure projects on the West Bank.

Koor Industries owns 25% of the company (through Makhteshim-Agan Industries).<sup>153</sup> Koor Industries is controlled by IDB Group<sup>154</sup>.

Website: [www.fibertech.co.il](http://www.fibertech.co.il)

### **FIRST INTERNATIONAL BANK OF ISRAEL (ISRAEL)**

An important Israeli commercial bank. The bank offers loans to house-buyers in Israeli settlements in the occupied territories. Through its subsidiary, Bank Otsar HaHayal, the bank offers loans to local authorities in the settlements and Israeli businesses operating in the occupied territories.

Bank Otsar HaHayal also has a branch in the settlement of Ariel. Another of the bank's subsidiaries, PAGI Bank, has branches in the settlements of Beitar Illit and Modi'in Illit.

Website: [www.fibi.co.il](http://www.fibi.co.il)

### **FORMULA SYSTEMS (OWNED BY EMBLAZE GROUP/EMBLAZE LTD.) (ISRAEL)**

This is a group of IT companies. Formula is one of the main owners of Matrix, which runs an off-shore software-centre in the settlement of Modi'in Illit on the west Bank. Matrix (50.07%), Magic (51%), Sapiens (53%) and NextSource (100%) are the group's subsidiaries.

Website: [www.formulasystems.com](http://www.formulasystems.com)

### **FRUTAROM (OWNED BY CLAL INSURANCE, IN WHICH THE GPFG ALSO OWNS SHARES IN ADDITION TO THE DIRECT STAKE-HOLDING IN FRUTAROM) (ISRAEL)**

Produces aromatic extracts and exclusive ingredients to the food and cosmetics industries. Has a production facility in the industrial zone of Mishor Adumim on the occupied West Bank.

### **G4S (UK)**

See boxed text on page 37.

### **GENERAL MILLS (PILLSBURY) (USA)**

The company produces frozen bakery products. One of the company's factories lies in the Shalgal in Atarot industrial zone, in a settlement on the occupied West bank. The company exports internationally from this factory. The Israeli division is owned by General Mills (USA) and Bodan Holdings.

Website: [www.generalmills.com](http://www.generalmills.com)

### **GILAT SATELLITE NETWORK (ISRAEL)**

The company provides services for satellite communication. The company's antennae are installed in military checkpoints on the West Bank. The company's divisions include Gilat Network Systems (GNS), Spacenet and Spacenet Rural Communications.

Website: [www.gilat.com](http://www.gilat.com)

### **HEIDELBERG CEMENT (GERMANY)**

See boxed text on page 26.

### **HEWLETT-PACKARD (USA)**

See boxed text on page 25.

### **IDB GROUP (ISRAEL/GLOBAL)**

See boxed text on page 35.

### **INDUSTRIAL BUILDINGS CORPORATION – MIVNEY TA ASIYA (OWNED BY DELEK GROUP) (ISRAEL)**

The company owns and lets approximately 55,000 sq.m. of industrial property on the occupied West Bank and a further 30,000 sq.m. in the industrial zone of Katzerin in the occupied Golan Heights. The company is currently developing another 3,700 sq.m. in Katzerin.

The company's properties on the West bank include Lev Barkan shopping centre in the Barkan settlement, the logistics centres in the settlements of Karnei Shomron and Reichan and industrial facilities in Elkana, Karnei Shomron, Ma'ale Efraim and Kiryat Arba.

Industrial Buildings Corporation is part of the Fishman group (through Jerusalem Economy<sup>155</sup>).

Website: [www.building.co.il](http://www.building.co.il)

### **INTERNET GOLD – GOLD LINES (ISRAEL)**

A holding company within the telecommunications industry. The company owns over 78% of B Communications<sup>156</sup>, through which it has a controlling interest in Bezeq<sup>157</sup>, Israel's largest provider of telecommunications services. Internet Gold is in turn a subsidiary of Eurocom Communications.

Website: [www.igld.com](http://www.igld.com)

### **ISRAEL CORP LTD. (ISRAEL)**

Israel Corp is a holding company that controls the enterprise Better Place. This company produces and provides maintenance on charging stations for electric cars. The company chose Israel as a pilot country for the development of such systems. Two of the charging stations lie on Route No.90 in the Jordan Valley on the occupied West bank<sup>158</sup>, in the vicinity of the settlements of Tomer and Beit Ha'arava, lying north and south respectively of the Palestinian city Jericho.

Website: [www.betterplace.com](http://www.betterplace.com)



### **ISRAEL DISCOUNT BANK (ISRAEL)**

The bank has branches in the settlement of Ma'ale Adumim on the West Bank and in East Jerusalem. Mercantile Discount Bank, the bank's wholly owned subsidiary, has branches in the settlement of Beitar Illit on the West Bank and in East Jerusalem. The bank has financed some of the building projects in the settlements of Har Homa, Beitar Illit and Ma'ale Adumim. The bank also receives IT services from Matrix IT. This is a customer centre that is situated in the settlement of Modi'in Illit. The services provided by Matrix IT include the operation of the bank's consulting rooms.

Website: [www.discountbank.co.il](http://www.discountbank.co.il)

### **JERUSALEM ECONOMY (ISRAEL)**

The company owns and lets property to commercial interests on the West Bank and Golan Heights, including over 58,000 sq.m. in the industrial zone of Mishor Adumim and 74,000 sq.m. in the industrial zone of Atarot.

The company is a major stakeholder in Industrial Buildings Corporation.<sup>159</sup>

Website: [www.jec.co.il](http://www.jec.co.il)

### **KOOR INDUSTRIES (ISRAEL)**

Owens 25% of Fiber Tech (through Makhteshim-Agan Industries<sup>160</sup>), which is controlled by IDB Group<sup>161</sup>.

### **L-3 COMMUNICATIONS HOLDINGS (USA)**

L-3 Communications is a supplier of so-called "homeland defence" products and services. They supplied the SafeView scanners for the Erez military checkpoint on the Gaza Strip through Hashmira/G4S<sup>162</sup> and luggage scanners for military checkpoints on the West bank through Eltal Technologists.

Subsidiaries include PARAMAX Systems Corporation, Raytheon Intelligence and Information Systems, Titan Corp., L-3 Communication Combat Propulsion Systems and L-3 Communications MAPPS.

Website: [www.L-3Com.com](http://www.L-3Com.com)

### **MAKHTESHIM-AGAN INDUSTRIES (ISRAEL)**

Koor Industries, through Makhteshim-Agan Industries (which is controlled by IDB Group<sup>163</sup>), owns 25% of Fiber Tech<sup>164</sup>

### **MANITOU (FRANCE)**

Produces machines and equipment for the building and construction industries. The company's cranes have been used in the building and maintenance of the Wall on the occupied West Bank.

Website: [www.manitou.com](http://www.manitou.com)

### **MIZRAHI TEFAHOT BANK<sup>165</sup> (ISRAEL)**

An important Israeli commercial bank. The bank offers financing of housing projects in Israeli settlements in the occupied territories, loans and financial services to local authorities in the settlements and loans to Israeli businesses operating in the occupied territories.

The bank also offers loans to house-buyers in settlements and has branches in the following settlements of the West Bank: Alon Shvut, Karnei Shomron, Kadumim and Ramat Eshkol. One of the company's subsidiaries, Yahav Bank for government employees, has a branch in occupied East Jerusalem.

Website: [www.mizrahi-tefahot.co.il](http://www.mizrahi-tefahot.co.il)

### **MOTOROLA SOLUTIONS (USA)**

See boxed text on page 24.

### **PARTNER COMMUNICATIONS (ORANGE) (ISRAEL)<sup>166</sup>**

Partner Communications/Orange is an Israeli supplier of mobile telephony services. The company has set up more than 160 antennae and other telecommunications infrastructure on occupied land on the West Bank and Golan Heights and provides mobile telecommunication services to Israeli settlers and soldiers in the occupied territories. The company also draws considerable benefit from the structural advantages Israeli mobile telecommunications providers have in relation to Palestinian competitors in the Palestinian market.

Website: [www.orange.co.il](http://www.orange.co.il)

### **PAZ OIL (ISRAEL)**

Paz has the monopoly on sales of oil to the Palestinian Independent Authority (PIA) on the West Bank. Paz also owns petrol stations in settlements on the West Bank, including in Ma'ale Adumim, Kiryat Arba, Pisgat Ze'ev, Gilo, Karnei Shomron and Ofra. The subsidiary Paz Gas delivers gas to households in settlements on the West Bank, including to Ma'ale Adumim and the outpost of Havat Maon.

Website: [www.paz.co.il](http://www.paz.co.il)

### **RECOGNITION SYSTEMS (RSI) – INGERSOLL RAND (USA)**

The company produces equipment for biometric access control and electronic card-readers for access control. In 1999, the company entered into a sub-supplier contract with EDS for the delivery of manual biometric readers for the Basel Project. The Basel system is an automated biometric system of access control of Palestinian workers, installed at large military checkpoints such as Erez (Gaza), Sháar Ephraim and Bethlehem (West Bank).

RSI, also called Schlage Recognition Systems, is a division of Ingersoll Rand.

Website: [www.handreader.com](http://www.handreader.com)

### **SHUFERSAL (ISRAEL)**

Shufersal is a supermarket chain. The company has built a shopping centre in Mishor Adumim, an industrial zone connected to the settlement of Ma'ale Adumim on the West Bank. The company also has a division in Gilo, an Israeli settlement on the occupied West Bank. One of the company's sub-chains, Yesh Supermarkets, has stores in several West Bank settlements, including Modi'in Illit and Ariel.

The company distributes goods produced in West Bank settlements under its own brand name, Shufersal. The company sells, for example, beans and rice packed by Maya Foods in the industrial zone of Mishor Adumim, and cleaning products from Plasto Polish, produced in the industrial zone of Barkan, both in Israeli settlements on the West Bank.

Shufersal is controlled by IDB Group<sup>167</sup> (Nochi Dankner, the Manor and Livnat families) and of Bronfman group.

Website: [www.shufersal.co.il](http://www.shufersal.co.il)

### **SIEMENS (GERMANY)**

Siemens is a conglomerate of engineering companies. The company's traffic surveillance systems have been installed by their Israeli representatives, Orad group, on roads in the occupied territories which Palestinians are not allowed to drive on without special permits, including Route Nos. 5 and 443.

Website: [www.siemens.com](http://www.siemens.com)

### **TEREX (USA)**

Terex produces lorries and construction equipment. Terex' lorries have been used in the building of the Wall, including on land owned by the Palestinian villages of Nilin and Ras Atira, and in the building of the A1 train, which runs from Tel Aviv to Jerusalem over land owned by the Palestinian villages of Beit Surik and Beit Iksa on the West Bank.

Terex owns Amida Industries, makers of the floodlighting system used on construction sites along the wall and at military checkpoints. Terex equipment was also used during construction of the checkpoint at the Ofer Prison and Detention Centre and during the construction of the Deir Sharaf checkpoint on the West Bank.

Website: [www.terex.com](http://www.terex.com)

### **VEOLIA ENVIRONNEMENT (FRANCE)**

See boxed text on page 33.

### **VOLVO (SWEDEN)**

Volvo produces lorries, busses and equipment for building and construction operations. The Volvo Group has a 26.5% stake in the Israeli company Merkavim. Merkavim produces busses used for the transport of prisoners for the Israeli Prisons Authority. These buses are used to transport Palestinian political prisoners from the occupied territories to prisons in Israel, a practice which is in breach of international humanitarian law. Merkavim also produces armoured busses which Egged uses as public transport to settlements on the West Bank. Additionally, bulldozers and lorries produced by other members of the Volvo group have been used in connection with the demolition of Palestinian homes in East Jerusalem and in the building of military checkpoints and Israeli settlements on the West Bank.

Website: [www.volvo.com](http://www.volvo.com)

### **VON ROLL HOLDINGS (SWITZERLAND)**

The Swiss energy group Von Roll Holdings owns the Israeli company Von Roll Transformers, which produces infrastructure products for electricity transfer and distribution. One of the company's factories lies in the Barkan Industrial Zone on the occupied West Bank.

Website: [www.vonroll.com](http://www.vonroll.com)

## APPENDIX II

### Norwegian Banks and Investment Funds: Ethics and Openness

ALFRED BERG		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Alfred Berg is signed up to PRI, which is a UN supported initiative for responsible investment. Alfred Berg funds are administered in keeping with their own guidelines which state, among other things that ESG assessments are included in the investment process <i>where the client requests this</i>. <a href="http://www.alfredberg.no/sites/NO/Om_oss/esg_policy/esg_policy_no.page">http://www.alfredberg.no/sites/NO/Om_oss/esg_policy/esg_policy_no.page</a></p> <p>Moreover, Alfred Berg has separate criteria specifically for the ethical funds.</p> <p><a href="http://www.alfredberg.no/sites/NO/Om_oss/etich_investments/ethic_criteria.page">http://www.alfredberg.no/sites/NO/Om_oss/etich_investments/ethic_criteria.page</a></p>	<p>Yes.</p> <p><a href="http://www.alfredberg.no/No/rapport/rapportbibliotek.page?">http://www.alfredberg.no/No/rapport/rapportbibliotek.page?</a></p> <p><a href="http://www.alfredberg.no/NO/fundsfinder/index.page?">http://www.alfredberg.no/NO/fundsfinder/index.page?</a></p>	<p>Yes, but these relate only to Alfred Berg's ethical funds. Other funds follow GPFG guidelines. Whether or not all Alfred Berg funds should follow the same ethical principles is being considered.</p>
DNB		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>DNB has guidelines which are to ensure that the group does not invest in companies involved in the production of tobacco, pornography, anti-personnel mines or cluster munitions, or companies which have the development or production of key components to weapons of mass destruction as an important part of their operations.</p> <p>Nor does the group wish to contribute, by means of its investments, to serious or systematic violations of human- and workers' rights, such as forced labour and the worst forms of child labour, including force, illegal operations or work that is damaging to health. Nor is the group to contribute to serious environmental damage or serious corruption.</p> <p>The guidelines for ethical investment in DNB are based on UN Global Compact, Un principles of responsible investment (PRI) and OECD guidelines for multinational companies.</p> <p>External suppliers are also covered by DNB's guidelines for ethical investment. DNB's ambition is that all new funds from external suppliers that are to be offered in DNB trade solutions are to be in line with DNB guidelines for ethical investments. For existing funds, the group will enter into dialogue with the various suppliers and exclude the funds which do not follow the rules.</p> <p><a href="https://www.dnb.no/omoss/samfunnsansvar/kunder-og-leverandoerer/ansvarlige-investeringer.html?LA=NO">https://www.dnb.no/omoss/samfunnsansvar/kunder-og-leverandoerer/ansvarlige-investeringer.html?LA=NO</a></p> <p><a href="https://www.dnb.no/omoss/samfunnsansvar/dokumenter-og-rapporter.html">https://www.dnb.no/omoss/samfunnsansvar/dokumenter-og-rapporter.html</a></p>	<p>Yes.</p> <p><a href="https://www.dnb.no/privat/sparing-og-investering/fond/kurs-avkastning.html">https://www.dnb.no/privat/sparing-og-investering/fond/kurs-avkastning.html</a></p> <p><a href="https://www.dnb.no/privat/sparing-og-investering/fond/avkastning-internasjonale-aksjefond.html">https://www.dnb.no/privat/sparing-og-investering/fond/avkastning-internasjonale-aksjefond.html</a></p>	<p>No.</p> <p>DNB does not publish the names of companies, just the number and categories for exclusion.</p> <p><a href="https://www.dnb.no/om-oss/samfunnsansvar/ut-elukkelseser.html">https://www.dnb.no/om-oss/samfunnsansvar/ut-elukkelseser.html</a></p> <p>The group also uses its voice at companies' general meetings to influence enterprises in the desired direction. Voting records at general meetings where votes over potentially controversial cases, are taken are made public after the general meetings concerned.</p>

<b>FOKUS BANK</b> (Fokus Bank belongs to the Danske Bank group. Within the Danske Bank group the asset management organisation is called Danske Capital and Fokus Bank's securities fund is known as Danske Invest.)		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Danske Invest has an SRI policy, the purpose of which is to ensure that investors' money is not invested in businesses that consciously operate in conflict with international norms.</p> <p>Danske Invest collaborates with the Swedish consultancy, Ethix SRI Advisors, who carry out screening of investment portfolios. Read more at <a href="http://www.ethix.se">www.ethix.se</a></p> <p>The basis for this screening includes UN Global Compact, the OECD guidelines for multinational companies and several other international conventions.</p> <p>Danske Bank Group joined PRI, the UN supported initiative for responsible investment, in 2010. The company is also one of the founders of Dansif, a network for discussion and exchange concerning SRI issues.</p> <p><a href="http://www.danskebank.com/danmark/CSR/Forretning/SRI/Pages/SRI.aspx">http://www.danskebank.com/danmark/CSR/Forretning/SRI/Pages/SRI.aspx</a></p>	<p>Yes.</p> <p>Go to «fondsoversikt» at <a href="http://www.danskeinvest.no/">http://www.danskeinvest.no/</a></p>	<p>Yes.</p> <p>“Negative list” of excluded companies includes Elbit Systems and Africa Israel Investments (and thereby Danya Cebus too although this is not specifically mentioned).</p> <p><a href="http://www.danskeinvest.no/plsql/menu.db_menu_main?p_active=N&amp;language=89&amp;p_adm=0&amp;p_mother_id=801&amp;p_menuid=8004&amp;p_menu_type=ABOUT_DANSKE&amp;p_childmenu_id=8004&amp;p_vafdeling=">http://www.danskeinvest.no/plsql/menu.db_menu_main?p_active=N&amp;language=89&amp;p_adm=0&amp;p_mother_id=801&amp;p_menuid=8004&amp;p_menu_type=ABOUT_DANSKE&amp;p_childmenu_id=8004&amp;p_vafdeling=</a></p>

<b>GJENSIDIGE</b>		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Gjensidige declares in its SRI guidelines that ethical investments are part of the company's social responsibility. Moreover, the SRI guidelines state that Gjensidige's financial investments are to be in line with internationally recognised criteria for ethical investments within the following areas: Human rights • Working life • Environment • Corruption • Weapons • Any other relevant categories</p> <p>Where investment in funds alongside others is concerned, Gjensidige's SRI guidelines state that while Gjensidige will strive to influence such funds into employing Gjensidige's own criteria, the company cannot guarantee that enterprises on their exclusion list are not in these funds. The company is currently engaged in setting up Gjensidige Funds – the company's own funds – where Gjensidige will be able to fully implement their own guidelines.</p> <p>Beyond this, Gjensidige says that if a company is in breach of Gjensidige criteria, exclusion rather than dialogue will be recommended, largely owing to the fact that the latter demands considerably more resources.</p> <p><a href="http://gjensidige.com/web/Forsiden/Samfunnsansvar/Retningslinjer+for+samfunnsansvar">http://gjensidige.com/web/Forsiden/Samfunnsansvar/Retningslinjer+for+samfunnsansvar</a></p> <p><a href="http://gjensidige.com/web/Forsiden/Samfunnsansvar/Konsernpolicy+for+SRI+prosentE2prosent80prosent93+etiske+investeringer">http://gjensidige.com/web/Forsiden/Samfunnsansvar/Konsernpolicy+for+SRI+prosentE2prosent80prosent93+etiske+investeringer</a></p>	<p>Yes.</p> <p><a href="https://www.gjensidige.no/Privat/Bank+og+sparing/Sparing/Fondssparing/Prspekter">https://www.gjensidige.no/Privat/Bank+og+sparing/Sparing/Fondssparing/Prspekter</a></p>	<p>No</p>

HOLBERG FONDENE		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Holberg Fondene do not undertake their own active ethical analysis. Among other things, their guidelines say that Holberg Fondene do not wish to invest in companies that:</p> <ul style="list-style-type: none"> <li>• consciously break the law in the countries in which they operate, international law or the guidelines of international organisations,</li> <li>• act in breach of universal perceptions of good business practice and ethics.</li> </ul> <p>Holberg Fondene follow GPFG guidelines and, for their global investment portfolios in Holberg Global, as well as for their international stock in Holberg Norden, Holberg Norge and Holberg Rurik, the company follows advice from the Ethical Council to the GPFG.</p> <p><a href="http://www.holbergfondene.no/Etiske-Retningslinjer/default.aspx">http://www.holbergfondene.no/Etiske-Retningslinjer/default.aspx</a></p>	<p>The twenty largest holdings in all the funds are publically available through the company's monthly report. The complete portfolios of all the funds are made publically available through the publication of the Annual Report at the end of each February.</p> <p><a href="http://www.holbergfondene.no">www.holbergfondene.no</a></p>	<p>No.</p> <p>Holberg Fondene follow GPFG guidelines. If a company is excluded by the GPFG, Holberg Fondene will follow this line in their own portfolios.</p>

KLP		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>KLP joined PRI, the UN-supported initiative for responsible investment, 2007.</p> <p>KLP has participated in UN Global Compact since 2003. The ten principles in Global Compact are confirmed as being one of KLP's most important value bases, upon which KLP builds its strategies for social responsibility and responsible investment. KLP has also begun integrating these principles in its purchasing strategy and supplier management.</p> <p>KLP lays great emphasis on a strategic understanding of social responsibility and this forms part of the group's set of objectives, strategy development and quarterly and annual reporting. KLP established a strategy for social responsibility in 2006. This strategy was most recently updated in 2011.</p> <p><a href="http://www.klp.no/om-klp/om-klp/samfunnsansvar">http://www.klp.no/om-klp/om-klp/samfunnsansvar</a></p> <p>Companies excluded from KLP portfolios can be linked to serious or systematic violations of international norms, mainly UN Conventions.</p> <p>Companies will be excluded if they contribute to serious or systematic violations of international norms, mainly UN Conventions. The exclusion criteria are both practice-based and product-based:</p> <p><a href="http://www.klp.no/om-klp/samfunnsansvar/ekskludering-og-dialog-med-selskap#1?6862">http://www.klp.no/om-klp/samfunnsansvar/ekskludering-og-dialog-med-selskap#1?6862</a></p>	<p>Yes.</p> <p><a href="http://www.klp.no/bedrift/fond/fondsinformasjon/aksjefond">http://www.klp.no/bedrift/fond/fondsinformasjon/aksjefond</a></p>	<p>Yes.</p> <p>The list of excluded companies is made public twice a year and KLP also publishes information about ongoing dialogue with companies.</p> <p><a href="http://www.klp.no/om-klp/samfunnsansvar/ekskludering-og-dialog-med-selskap#1?6616">http://www.klp.no/om-klp/samfunnsansvar/ekskludering-og-dialog-med-selskap#1?6616</a></p> <p>KLP also publishes its voting record at general meetings:</p> <p><a href="http://www.klp.no/om-klp/samfunnsansvar/en-ansvarlig-eier/klp-og-klp-fondenestemmegivning">http://www.klp.no/om-klp/samfunnsansvar/en-ansvarlig-eier/klp-og-klp-fondenestemmegivning</a></p>

NORDEA		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Nordea joined PRI, the UN-supported initiative for responsible investment, in 2007. Nordea also follows UN Global Compact and OECD guidelines for multinational companies.</p> <p>All Nordea funds are screened twice a year in order to uncover any investment in companies which are known to have committed breaches of human rights or international norms where workers' rights, environmental standards and business ethics are concerned.</p> <p><a href="http://www.nordea.com/About+Nordea/Corporate+Social+Responsibility/We+work+with+sustainability/Responsible+investments/1501902.html">http://www.nordea.com/About+Nordea/Corporate+Social+Responsibility/We+work+with+sustainability/Responsible+investments/1501902.html</a></p> <p><a href="http://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/AboutNordea/csr/responsible-investment-governance-annual-report-2011.pdf">http://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/AboutNordea/csr/responsible-investment-governance-annual-report-2011.pdf</a></p>	<p>Yes.</p> <p><a href="http://www.nordea.no/Privat/Sparing+og+investering/Fond/Velg+fond/401444.html">http://www.nordea.no/Privat/Sparing+og+investering/Fond/Velg+fond/401444.html</a></p>	<p>Yes.</p> <p><a href="http://nordeainvest.dk/Om+Nordea+Invest/Ansvarlige+investeringer/Liste+over+udelukkede+selskaber/1240392.html">http://nordeainvest.dk/Om+Nordea+Invest/Ansvarlige+investeringer/Liste+over+udelukkede+selskaber/1240392.html</a></p> <p>Nordea additionally follows the GPFG exclusion list for Norwegian registered funds in which they invest/offer.</p>

ODIN FUND MANAGEMENT		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Odin says that a central part of their analyses and assessments is linked to companies' attitudes to ethical issues and the practice of social responsibility. Special focus is given to whether or not companies consciously break fundamental human rights or engage in production that is harmful to the local population and local environment.</p> <p>As active fund managers with relatively few portfolios and investment decisions based on their own analyses, Odin Fund Management focuses on positive selection and the exercise of ownership rights in the companies in which it invests.</p> <p><a href="http://www.odinfond.no/OmODIN/ODINogEtikk">http://www.odinfond.no/OmODIN/ODINogEtikk</a></p>	<p>Yes.</p> <p>Portfolios of all funds are published every six months.</p> <p><a href="http://www.odinfond.no/no/odins-aksjefond">http://www.odinfond.no/no/odins-aksjefond</a></p>	<p>No.</p>

PARETO FORVALTNING		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Pareto's guidelines are based on those of the Government Social Security Fund and the GPFG. The following overriding mandate results:</p> <p><i>"Pareto Forvaltning will not undertake investments that amount to an unacceptable risk of our contributing to unethical practices or omissions. Such involvement is liable to reduce sustainable development and long-term wealth creation."</i> (our translation)</p> <p>Pareto Forvaltning state that they assess companies' management and practice in relation to human rights, child labour, corruption and the environment. These relations are viewed in the light of the goods produced, the production process and location, customer trade links, the company's ownership structure and ownership interests. A distinction is made between unethical products or production processes (business areas) and unethical behaviour or performance (practice).</p> <p><a href="https://www.paretoforvaltning.no/Default.aspx?id=37&amp;pid=16">https://www.paretoforvaltning.no/Default.aspx?id=37&amp;pid=16</a></p>	<p>The ten largest holdings in each fund.</p> <p><a href="https://paretoforvaltning.no/Default.aspx?t=14">https://paretoforvaltning.no/Default.aspx?t=14</a></p>	No

SKAGEN FUNDS		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>On its webpage concerning ethics and company management, Skagen Funds say they do not invest in companies which consciously violate fundamental human rights or which harm:</p> <ul style="list-style-type: none"> <li>• the local population</li> <li>• the environment</li> <li>• the chosen form of governance in the countries where the company is active</li> </ul> <p>Further, Skagen Funds say they do not wish to take unnecessary financial risks in investing in companies that, through their operations, might incur significant obligations or losses relating to:</p> <ul style="list-style-type: none"> <li>• causing damage to health</li> <li>• conscious breaches of regulations</li> <li>• environmental damage</li> </ul> <p>If Skagen Funds discover that the funds are invested in companies which, despite all intentions, break the ethical guidelines, the company's basic attitude is that the fund's stock is to be sold, given that this may be done in such a way that the sale does not entail a loss of value to shareholders.</p> <p><a href="https://www.skagenfondene.no/Om-oss/Etikk-og-selskapsstyring/Etikk/">https://www.skagenfondene.no/Om-oss/Etikk-og-selskapsstyring/Etikk/</a></p> <p><a href="https://www.skagenfondene.no/Om-oss/Investeringsfilosofi/">https://www.skagenfondene.no/Om-oss/Investeringsfilosofi/</a></p>	<p>Yes.</p> <p><a href="https://www.skagenfondene.no/Fond-og-kurser/SKAGEN-Vekst/Portefoljeoversikt/">https://www.skagenfondene.no/Fond-og-kurser/SKAGEN-Vekst/Portefoljeoversikt/</a></p> <p><a href="https://www.skagenfondene.no/Fond-og-kurser/SKAGEN-global/-Portefoljeoversikt/">https://www.skagenfondene.no/Fond-og-kurser/SKAGEN-global/-Portefoljeoversikt/</a></p> <p><a href="https://www.skagenfondene.no/Fond-og-kurser/SKAGEN-Kon-Tiki/Portefoljeoversikt/">https://www.skagenfondene.no/Fond-og-kurser/SKAGEN-Kon-Tiki/Portefoljeoversikt/</a></p>	No

SKANDIABANKEN		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Skandiabanken is only a distributor and does not manage its own funds. <a href="http://www.skandiabanken.no/Fond/Etisk-merking/">http://www.skandiabanken.no/Fond/Etisk-merking/</a></p> <p>Does not exercise ownership. Marks funds "red" (and asks fund managers to do the same) where portfolios include a company or companies that are on the GPFG exclusion list.</p>	<p>Yes.</p> <p><a href="http://cust.msse.se/se/skandia/no/quickrank">http://cust.msse.se/se/skandia/no/quickrank</a></p>	<p>No, but funds are marked "red" if the portfolio includes a company or companies that are on the GPFG exclusion list.</p>

SPAREBANK 1		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>Sparebank1 bases its ethical management on the following considerations:</p> <ul style="list-style-type: none"> <li>• Collaboration only occurs with fund managers of good standing and solid renown</li> <li>• Fund managers should have established their own overriding ethical guidelines</li> </ul> <p>Strict demands are made of both current and potential fund managers in respect to social responsibility. Emphasis is laid both on sound exercise of ownership and exclusion of companies which do not satisfy our ethical standards. Exercise of ownership entails that fund managers strive to influence companies into practicing good ethical attitudes. They will approach fund managers with any exposure in such companies, and give an account of their ethical principles. Fund managers who do not adopt the same principles will lose their fund management commissions.</p> <p><a href="http://investor.sparebank1.no/ca.tegory/samfunnsansvar/">http://investor.sparebank1.no/ca.tegory/samfunnsansvar/</a></p>	<p>No.</p> <p>The individual fund suppliers have their own guidelines concerning the timing and extent of public availability of portfolio details.</p>	<p>No.</p> <p>Sparebank1 does not currently publish its own lists but its exclusion list reflects that of the GPFG at all times.</p> <p>Sparebank1 told us that they were working towards a better means of publishing their exclusion lists.</p>

STOREBRAND		
ETHICAL GUIDELINES	FUND OVERVIEW PUBLICALLY AVAILABLE	PUBLISHES EXCLUSION LISTS
<p>According to Storebrand, their minimum standards are that they refrain from making investments in companies that are complicit in:</p> <ul style="list-style-type: none"> <li>• human rights violations</li> <li>• serious corruption</li> <li>• serious climate/environmental damage</li> <li>• controversial weapons: landmines, cluster munitions, nuclear weapons</li> <li>• sales of tobacco</li> </ul> <p>Storebrand also say that they avoid companies with the poorest performance records on the environment, social responsibility and climate initiatives in high-risk industries. Storebrand's minimum standard applies to all funds and pensions portfolios in which they make their own investment decisions. The requirements concern both shares and obligations in Norway and on an international basis.</p> <p><a href="http://www.storebrand.no/site/stb.nsf/Enter/forsidesamfunnsansvar.html">www.storebrand.no/site/stb.nsf/Enter/forsidesamfunnsansvar.html</a></p> <p><a href="http://www.storebrand.no/site/stb.nsf/Pages/baerekraftige-investeringer.html">www.storebrand.no/site/stb.nsf/Pages/baerekraftige-investeringer.html</a></p>	<p>Yes.</p> <p><a href="http://www.storebrand.no/web/sbfondweb.nsf/prosent28Fondoversikt-prosent29?OpenAgent&amp;Tab=1">http://www.storebrand.no/web/sbfondweb.nsf/prosent28Fondoversikt-prosent29?OpenAgent&amp;Tab=1</a></p>	<p>No.</p> <p>As of the 1st quarter in 2012, 96 companies are excluded from investment.</p> <p><a href="http://www.storebrand.no/site/stb.nsf/Pages/utelukkelse.html">http://www.storebrand.no/site/stb.nsf/Pages/utelukkelse.html</a></p>



## FOOTNOTES

- <sup>1</sup> At the time the Norwegian version of this report was published, the GPFG was invested in 51 companies that were involved in activities that could be linked to the occupation. After the publication of the Norwegian report, the Ministry of Finance decided that the GPFG was to disinvest from the company Shikun & Binui Ltd. (Housing and Construction) due to their involvement in building settlements, reducing the number of companies to 50.  
<http://www.regjeringen.no/nb/dep/fin/aktuelt/nyheter/2012/et-selskap-utelukket-fra-statens-pensjon.html?id=685898>
- <sup>2</sup> <http://www.regjeringen.no/nb/dep/fin/aktuelt/nyheter/2012/karmel-instituttet-utelukkes-fra-gavefra.html?id=699411>
- <sup>3</sup> UN OCHA: The humanitarian impact on Palestinians of Israeli settlements and other infrastructure in the West Bank, July 2007
- <sup>4</sup> Hever, Shir (2010), pp.52-33.
- <sup>5</sup> Gordon, Neve p.324.
- <sup>6</sup> Gordon, Neve p.324.
- <sup>7</sup> Facts concerning the settlements are largely obtained from UN OCHA, "The humanitarian impact of Israeli settlement policies", January 2012 and [peacenow.org.il/eng6](http://peacenow.org.il/eng6)
- <sup>8</sup> UN OCHA 2011: Humanitarian Atlas West Bank and Gaza Strip.
- <sup>9</sup> Background information concerning the industrial areas is largely obtained from Corporate Watch (2011) and [peacenow.org.il/eng](http://peacenow.org.il/eng)
- <sup>10</sup> Peace Now refers to nine large industrial areas in its overview of settlements, outposts and industrial zones: Alfei Menashe, Barqan, Binyamin Industrial Area, Gush Etzyon, Kedumim (aka Baron), Mishor Adumim, Shahak, Shim'a (aka Meitarim) and Atarot. Corporate Watch (2011) p. 91 refers to the other nine. Peace Now here refers only to those industrial areas which do not lie within a settlement.
- <sup>11</sup> Israel Shekel/New Israeli Shekel. Two different terms for Israel's currency unit.
- <sup>12</sup> Swarski quoted in Corporate Watch (2011), p.91.
- <sup>13</sup> Swarski quoted in Corporate Watch (2011), p.92.
- <sup>14</sup> Alenat, S quoted in Corporate Watch (2011), p.92.
- <sup>15</sup> Information obtained from B'tselem (2011), Save the Children UK (2009) and UN OCHA (2012).
- <sup>16</sup> Read more, for example, about the company Ahava Dead Sea Laboratories in the chapter about trade.
- <sup>17</sup> Nystuen, Gro et al (2011).  
<http://www.unglobalcompact.org/>
- <sup>18</sup> <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>
- <sup>19</sup> <http://www.business-humanrights.org/media/documents/un-human-rights-council-resolution-re-human-rights-transnational-cops-eng-6-jul-2011.pdf>
- <sup>20</sup> Ruggie, John quoted in Nystuen, Gro et al (2011), p.3.
- <sup>21</sup> Ruggie, John (2010), paragraph 58, p.13.
- <sup>22</sup> Ruggie, John (2011), Guideline principle 13.
- <sup>23</sup> <http://www.oecd.org/investment/mne/1922428.pdf>
- <sup>24</sup> <http://www.oecd.org/investment/mne/1922428.pdf>
- <sup>25</sup> More information about the National Contact Point, including an overview of processed complaints may be found at [www.ansvarlignaringsliv.no](http://www.ansvarlignaringsliv.no)
- <sup>26</sup> [www.etiskhandel.no](http://www.etiskhandel.no)
- <sup>27</sup> IEH guidelines, paragraph 10.1.
- <sup>28</sup> <http://www.unpri.org/>
- <sup>29</sup> <http://www.unpri.org/about-pri/the-six-principles/>
- <sup>30</sup> Environmental, Social and Corporate Governance
- <sup>31</sup> Norwegian Government White Paper St.mld. 15 (2010-2011), p.13.
- <sup>32</sup> <http://www.regjeringen.no/nb/dep/fin/dok/regpubl/stmeld/2012-2013/meld-st-27-20122013/4.html?id=721808>
- <sup>33</sup> SPU, Annual Report 2011
- <sup>34</sup> Ibid. p.10.
- <sup>35</sup> Paragraph 2, Guidelines for the observation and exclusion of companies from the investment universe of the Norwegian Government Pension Fund – Global.
- <sup>36</sup> The Council on Ethics is led by Professor Dr. juris Ola Mestad. The other members are General Manager Ylva Lindberg, Professor Dag Olav Hessen, Business Economist Bente Rath and Senior Scientific Officer Dr. juris Gro Nystuen.
- <sup>37</sup> Guidelines for the observation and exclusion of companies from the Norwegian Government Pension Fund Global's investment universe: [http://www.regjeringen.no/en/sub/styrer-rad-utvalg/ethics\\_council/ethical-guidelines.html?id=425277](http://www.regjeringen.no/en/sub/styrer-rad-utvalg/ethics_council/ethical-guidelines.html?id=425277)
- <sup>38</sup> Council on Ethics, recommendation to the Ministry of Finance 15 May 2009.
- <sup>39</sup> Council on Ethics, recommendation to the Ministry of Finance 16 November 2009.
- <sup>40</sup> Council on Ethics, recommendation to the Ministry of Finance 21 December 2011.
- <sup>41</sup> Council on Ethics, letter to the Ministry of Finance 9 March 2010.
- <sup>42</sup> Council on Ethics, recommendation to the Ministry of Finance 16 November 2009.
- <sup>43</sup> Letter to the Ministry of Finance 15 May 2006 concerning investments with links to the Middle East.
- <sup>44</sup>

45 Council on Ethics: Letter to the Ministry of Finance 18 April 2008 "Concerning the Council on Ethics': Letter to the assessment of investments in Israel Electric Corporation".

46 Council on Ethics: Letter to the Ministry of Finance 15 May 2006 concerning investments with links to the Middle East.

47 Council on Ethics, recommendation to the Ministry of Finance 15 November 2010.

48 <http://www.endtheoccupation.org/section.php?id=209>

49 Report from Who Profits: «Technologies of control: The Case of Hewlett Packard.

50 [http://whoprofits.org/sites/default/files/hp\\_report-\\_final\\_for\\_web.pdf](http://whoprofits.org/sites/default/files/hp_report-_final_for_web.pdf)

51 <http://whoprofits.org/node/22394>

52 <http://whoprofits.s483.sureserver.com/company/readymix-industries>

53 Arai, Yutuka (2009), s 197.

54 Stone, Julius (1954), s.714.

55 <http://yesh-din.org/userfiles/file/Petitions/Quarries/Quarries%20-%20Petition%20ENG.pdf>

56 The 3 million tons that are sold to the «local market» include sales to the illegal Israeli settlements on the West Bank.

57 <http://www.yesh-din.org/sys/images/File/QuarriesPetitionEng%5B1%5D.pdf>

58 <http://www.youtube.com/watch?v=ols86IYCui0>,  
<http://www.youtube.com/watch?v=ols86IYCui0>

59 <http://www.yesh-din.org/sys/images/File/QuarriesPetitionEng%5B1%5D.pdf>

60 <http://www.quarrymagazine.com/Article.aspx?id=1821&h=Multinational-companiesmining-occupied-West-Bank>

61 <http://electronicintifada.net/content/multinational-companies-mining-occupied-palestinianland/9974>

62 [http://www.nytimes.com/2009/03/07/world/middleeast/07westbank.html?\\_r=4](http://www.nytimes.com/2009/03/07/world/middleeast/07westbank.html?_r=4)

63 See [www.yesh-din.org](http://www.yesh-din.org) for further information.

64 <http://vff.no/filestore/Fondsmarkedeti2011.pdf>

65 Ibid.

66 It is not possible to state at all times which is biggest since this can be measured according to different criteria. We have looked at the ten largest fund management companies according to statistics from Verdipapirfondenes Forening as of November 2011, as well as at Skandiabanken, Sparebank1 and Gjensidige, as three large fund managers for private persons in Norway.

67 [www.unpri.org](http://www.unpri.org)

68 [www.unglobalcompact.org](http://www.unglobalcompact.org)

69 <http://www-business.humanrights.org/Special-RePortal/Home/Project-Respect-Remedy-Framework>

70 <http://whoprofits.org/company/veolia-environment>

71 <http://electronicintifada.net/content/veolia-involved-israels-waste-dumping-west-bank/7858>

72 <http://whoprofits.org/company/alstom>

73 Diakonia Easy Guide to International Humanitarian Law in the Occupied Palestinian Territory (oPt) -

74 <http://www.diakonia.se/sa/node.asp?node=3274>

75 For more information and a full review of the International Law aspects of the Jerusalem Light Rail, see

76 <http://www.diakonia.se/sa/node.asp?node=3274>

77 <http://whoprofits.org/node/22465>

78 <http://whoprofits.org/company/cement-roadstone-holdings-crh>

79 <http://whoprofits.org/company/neshar-israelcement-enterprises>

80 <http://www.ipsc.ie/campaigns/crh-divest>

81 [http://www.ochaopt.org/documents/TheHumanitarianImpactOfIsraeliInfrastructureTheWestBank\\_full.pdf](http://www.ochaopt.org/documents/TheHumanitarianImpactOfIsraeliInfrastructureTheWestBank_full.pdf)

82 Weizman, Eyal (2007).

83 Group 4 Falck had already bought Hashmira in 2002, before merging with British Securior.

84 Report from Who Profits: «The Case of G4S. Private Security Companies and the Israeli Occupation.

85 <http://whoprofits.s483.sureserver.com/sites/default/files/WhoProfits-PrivateSecurity-G4S.pdf>

86 <http://www.danwatch.dk/da/artikler/g4s-tilbagetog-fra-bosaettelser-traekker-ud/104>

87 Israeli Committee Against House Demolitions ICAHD: «Statistics on House Demolitions (1967-2010)»,

88 [www.icahd.org](http://www.icahd.org)

89 See for example: <http://wedivest.org/wp-content/uploads/2011/03/CAT-Flyer.pdf>,

90 <http://endtheoccupation.org/section.php?id=158>,

91 <http://www.mehadrin.co.il/>

92 <http://whoprofits.org/company/edom-uk>

93 <http://whoprofits.org/company/hadiklaim-israel-date-growers%E2%80%99-cooperative>

Dialogue with the company in February 2012.

Dialogue with the company in February 2012.

<http://www.sinokrot.com/index.php?page=companies&id=6>

<http://www.bama.no/eway/no/samfunnsansvar/index.aspx>

<http://www.milouot.co.il>

<http://coop.no/Om-Coop/Samfunnsansvar/Etisk-handel/>

<http://coop.no/Om-Coop/Samfunnsansvar/Politikk-for-etisk-handel/>

See, for example, [www.stolenbeauty.org](http://www.stolenbeauty.org) and <http://whoprofits.s483.sureserver.com/company/ahava-dead-sea-laboratories>

Resolution from VITA sent to Norwegian People's Aid 23.03.2012.

- <sup>94</sup> Ahava is imported to Norway by “Ahava Norge”, [www.ahava.no](http://www.ahava.no).
- <sup>95</sup> The reference is probably to Ahava’s participation in research projects under the EU’s FP7 framework programme, which has received considerable negative attention in the UK, among others: <http://www.labournet.net/other/1201/nanoretox1.html> It may also be mentioned that Norwegian Sintef is actively involved in one of these research projects (Skintreat) where Ahava is one of the participants: [http://www.skintreat.eu/index.php?option=com\\_content&view=article&id=54&Itemid=58](http://www.skintreat.eu/index.php?option=com_content&view=article&id=54&Itemid=58)
- <sup>96</sup> Who Profits from the Occupation (Case Study No.1 January 2011)
- <sup>97</sup> In this report, Swedish TV4 reveals that more than 20% of all Swedish households have a SodaStream machine: [http://www.tv4play.se/nyheter\\_och\\_debatt/nyheterna?title=sodastream\\_tilverkas\\_pa\\_okkuperad\\_mark&videoed=1859476](http://www.tv4play.se/nyheter_och_debatt/nyheterna?title=sodastream_tilverkas_pa_okkuperad_mark&videoed=1859476) and [http://www.tv4play.se/nyheter\\_och\\_debatt/nyheterna?title=sodastream\\_lurar\\_sina\\_kunder&videoed=1751996](http://www.tv4play.se/nyheter_och_debatt/nyheterna?title=sodastream_lurar_sina_kunder&videoed=1751996)
- <sup>98</sup> See the news clips from Swedish TV4 on [http://www.tv4play.se/nyheter\\_och\\_debatt/nyheterna?title=sodastream\\_tilverkas\\_pa\\_okkuperad\\_mark&videoed=1859476](http://www.tv4play.se/nyheter_och_debatt/nyheterna?title=sodastream_tilverkas_pa_okkuperad_mark&videoed=1859476) and [http://www.tv4play.se/nyheter\\_och\\_debatt/nyheterna?title=sodastream\\_lurar\\_sina\\_kunder&videoed=1751996](http://www.tv4play.se/nyheter_och_debatt/nyheterna?title=sodastream_lurar_sina_kunder&videoed=1751996)
- <sup>99</sup> [http://www.svd.se/nyheter/inrikes/coop-stoppar-inkop-av-laskmaskin\\_6332470.svd](http://www.svd.se/nyheter/inrikes/coop-stoppar-inkop-av-laskmaskin_6332470.svd)
- <sup>100</sup> Email from Coop to Diakonia 11 January 2012
- <sup>101</sup> [www.sodastream.no](http://www.sodastream.no)
- <sup>102</sup> [http://www.bequoted.com/investor/company/documents/empire\\_press111222.pdf](http://www.bequoted.com/investor/company/documents/empire_press111222.pdf)
- <sup>103</sup> Email from Yonah Lloyd to Norwegian People’s Aid 21.02.2012
- <sup>104</sup> <http://www.ssb.no/uhaar/tab-22.html>
- <sup>105</sup> Statistical Yearbook 2011, table 318 “Import and export value by country”: <http://www.ssb.no/aarbok/tab/tab-318.html>
- <sup>106</sup> In an email of 16 December 2011, TAD says that the category “West Bank/Gaza Strip” only covers goods imported from Palestinian producers, and which are covered by the free trade agreement between EFTA and the PLO.
- <sup>107</sup> Email from Senior Consultant Susann Nilsen in TAD, 18.01.12.
- <sup>108</sup> Email from Johan B. Hjort in the Ministry of Finance to Norwegian People’s Aid, 31 January 2012.
- <sup>109</sup> Law pertaining to marketing paragraphs 7 and 8.
- <sup>110</sup> The following agreements are also of relevance to Norway, for example where cumulation is concerned, a subject we do not examine any more closely in this report: The Euro-Mediterranean Association Agreement between the EC and Israel, from 1995 (signed in 1995, officially came into force in 2000), The Euro-Mediterranean Association Agreement between the EC and the PLO for the benefit of the Palestinian Authority of the West Bank and Gaza, from 1997, and The EU-Israel “Association Agreement” from June 2000.
- <sup>111</sup> The Norwegian Customs Authority refers to the agreement as an ‘Administrative Arrangement’ while the English term most commonly used is ‘Technical Arrangement’.
- <sup>112</sup> For goods to receive preferential treatment, they must have what is called a status of origin in respect of the rules of origin in the relevant free trade agreement. Further clarification of what is necessary for a product to achieve such a status is available from the Norwegian Customs Authority’s website: [http://www.toll.no/templates\\_TAD/Article.aspx?id=221764&epslanguage=no](http://www.toll.no/templates_TAD/Article.aspx?id=221764&epslanguage=no)
- <sup>113</sup> For example, see questions put before the EU Parliament from 27.07.2011: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=/EP/TEXT+WQ+E-2011-007328+0+DOC+XML+V0/EN> and answers given on behalf of the European Commission 31.08.2011: <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=00E-2011-007328&language=EN>
- <sup>114</sup> European Parliament resolution on the proposal for a Council decision on the conclusion of the regional Convention on pan Euro-Mediterranean preferential rules of origin: [http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B7-2012\\_0061&language=EN](http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B7-2012_0061&language=EN)
- <sup>115</sup> European Commission Directorate-General for Taxation and Customs.
- <sup>116</sup> Information on the Brita Case is directly obtained from Euro-Mediterranean Human Rights Network and Aprovev (2012) pp.43-4.
- <sup>117</sup> European Court press statement 14/10 from 25 February 2010: <http://curia.europe.eu/jcms/upload/docs/application/pdf/2010-02/cp100014en.pdf>
- <sup>118</sup> [http://www.regjeringen.no/nb/dep/ud/aktuelt/svar\\_storinget/sporretime/2010/svar\\_israelhandel.html?id=604663](http://www.regjeringen.no/nb/dep/ud/aktuelt/svar_storinget/sporretime/2010/svar_israelhandel.html?id=604663)
- <sup>119</sup> Email from Senior Consultant Susann Nilsen in TAD 18.01.12.
- <sup>120</sup> Email from Senior Consultant Susann Nilsen in TAD 18.01.12.
- <sup>121</sup> Email from Johan Hjort, Tax Law Department, Ministry of Finance, 25.01.12.
- <sup>122</sup> Email from Johan Hjort, Tax Law Department, Ministry of Finance, 31.01.12.
- <sup>123</sup> See information below concerning checking of settlement produce for examples from the UK. The report from the debate in the UK House of Commons can be downloaded from: <http://www.publications.parliament.uk/pa/cm200910/cmhansrd/chan31.pdf>
- <sup>124</sup> The circular can be downloaded from [http://www.toll.no/templates\\_TAD/CircularLetter.aspx?id=177018&epslanguage=no](http://www.toll.no/templates_TAD/CircularLetter.aspx?id=177018&epslanguage=no)
- <sup>125</sup> Email from Senior Consultant Susann Nilsen in TAD, 16.12.2011.
- <sup>126</sup> Email from Senior Consultant Susann Nilsen in TAD, 16.12.2011.
- <sup>127</sup> [http://www.kildarestreet.com/wrans/?id=2011-10\\_25.785.0&s=Gilmore+exclude+settlement+products#g787.0.r](http://www.kildarestreet.com/wrans/?id=2011-10_25.785.0&s=Gilmore+exclude+settlement+products#g787.0.r)
- <sup>128</sup> Sherwood, Harriet (2012)
- <sup>129</sup> <http://www.parliament.uk/edm/2010-12/2717>

130 <http://www.regjeringen.no/nb/dep/ud/presse-senter/pressemeldinger/2012/tar-avstand-fra-utvidelse-av-israelske-b.html?id=673282>

131 <http://www.karmel.net/>

132 <http://www.karmel.net/2011/10/07/nybyggere-fikk-norske-penger-til-nye-brakker-og-infrastruktur/#more-2043>

133 Leer-Salvesen, Tarjei (21.05.2011 b).

134 Histadrut. (2012-03-17) In 'Store Norsk Lexikon'. Obtained from <http://snl.no/Histadrut>

135 Peace Now <http://peacenow.org.il/eng/content/alonei-shilo-nof-kane-farm>

136 Leer-Salvesen, Tarjei (23.05.2011 b).

137 Norberg, Vidar (2010)

138 <http://www.regjeringen.no/nb/dep/fin/aktuelt/nyheter/2010/regelendringer-fra-1-januar-2011.html?id=629677>  
See further information under the title "Gavefradragsordningen".

139 <http://www.skattetaten.no/no/Alt-om/Likningsoppgaver/Artikler/Gaver-til-frivillige-organisasjoner---godkjente-organisasjoner/>

140 Eikle, Ove (13.02.2012).

141 Kalstad, Lise Marit (05.03.2012)

142 <http://www.regjeringen.no/nb/dep/fin/aktuelt/nyheter/2012/karmel-instituttet-utelukkes-fra-gavefra.html?id=699411>

143 At the time the Norwegian version of this report was published, the GPFG was invested in 51 companies that were involved in activities that could be linked to the occupation. After the publication of the Norwegian report, the Ministry of Finance decided that the GPFG was to disinvest from the company Shikun & Binui Ltd. (Housing and Construction) due to their involvement in building settlements, reducing the number of companies to 50.

144 <http://www.regjeringen.no/nb/dep/fin/aktuelt/nyheter/2012/et-selskap-utelukket-fra-statens-pensjon.html?id=685898>  
Since the release of the report, Shikun & Binui (Housing and Construction) has been excluded from the GPFG following a recommendation from the Council on Ethics. In addition the GPFG no longer holds investments in the companies Hot Telecommunications and L1 Identity Solutions.

145 Also see Who Profits' report Financing the Israeli Occupation, for more information about Israeli banks' role in the occupation: <http://whoprofits.s483.sureserver.com/content/financing-israeli-occupation>.

146 Also see information about other banks and about Veolia and Alstom.

147 Also see information about other banks and about Veolia and Alstom.

148 See separate information about Bezeq.

149 The whole report about how Israeli telecommunications companies are involved in the occupation can be found at <http://whoprofits.s483.sureserver.com/>

150 See separate information about Alon Group.

151 See separate information about Clal Group.

152 The whole report about how Israeli telecommunications companies are involved in the occupation can be found at <http://whoprofits.s483.sureserver.com/>

153 See separate information about Koor Industries and Makhteshim-Agan Industries.

154 See separate information about IDB Group

155 See separate information about Jerusalem Economy.

156 See separate information about B Communications.

157 See separate information about Bezeq.

158 See Chapter 3 for more information about the Jordan Valley.

159 See separate information about Industrial Building Corporation.

160 See separate information about Makhteshim-Agan Industries.

161 See separate information about IDB Group.

162 See separate information about G4S/Hashmira.

163 See separate information about IDB Group.

164 See separate information about Fiber-tech

165 Also see Who Profits' report Financing the Israeli Occupation, for more information about Israeli banks' role in the occupation: <http://whoprofits.s483.sureserver.com/content/financing-israeli-occupation>

166 The whole report about how Israeli telecommunications companies are involved in the occupation can be found at <http://whoprofits.s483.sureserver.com/>

167 See separate information about IDB Group.