

Dangerous Liaisons II

NORWEGIAN TIES TO THE ISRAELI OCCUPATION



FAGFORBUNDET

Norwegian Union of Municipal
and General Employees



Norwegian People's Aid



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Dangerous Liaisons II – Norwegian ties to the Israeli occupation

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Ammar Awad/Reuters/NTB scanpix of Banksy graffiti on the wall

This is the second report in the "Dangerous Liaisons" series. The first report, "Dangerous Liaisons – Norwegian ties to the Israeli occupation" (Dangerous Liaisons I), was written by Ingeborg Moa and Martin Holter and published in 2012.

Border police standing in front of Palestinians waiting to cross the Qalandiya checkpoint to attend Friday prayer at the Al Aqsa mosque in Jerusalem, June 2013. (Photo: Active Stills)



THANKS

We would like to thank everyone who has contributed information, reviews and feedback, as well as the companies and public agencies that have entered into dialogue with us while working on this report.

We would like to express special thanks to the Israeli organisation Who Profits. Large parts of this report have been dependent on their thorough documentation of the role of commercial operations in the continued occupation of Palestinian land.

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Foreword



Mette Nord

The first Dangerous Liaisons report was published by the Norwegian Union of Municipal and General Employees and Norwegian People's Aid in 2012. This was the first time anyone had presented extensive and thorough documentation of the various types of Norwegian connections to the Israeli occupation.

Much has happened since but it is, unfortunately, just as necessary to keep a close eye on this issue in 2015 as it was three years ago. Among other things, our joint savings in the Norwegian Government Pension Fund Global (SPU) are still invested in an extensive range of companies that contribute to the violations of international law and brutal occupation of the Palestinian territories.

We can reference a number of specific breakthroughs since Dangerous Liaisons I was published. Many of the political recommendations from the previous report are unfortunately just as relevant today. Norway is unfortunately no role model when it comes to political interventions to end the Israeli occupation and violations of international law. Until now, 21 European countries have beaten Norway to the post and made recommendations that discourage financial relations with Israeli settlements that violate international law. It is high time for our government to follow suit.



Liv Tørres

This report is a result of the collaboration between the Norwegian Union of Municipal and General Employees and Norwegian People's Aid in support of Palestinians in the Middle East.

The collaboration has now entered its second national congress period since 2009. Our two organisations aim to ensure that Norwegian authorities, businesses and organisations neither directly nor indirectly contribute to the occupation and Israel's repeated violation of UN resolutions and international conventions.

Norwegian contributions to the occupation were brought to light in Dangerous Liaisons I. Our aim is for Dangerous Liaisons II to strengthen the work to cut all Norwegian ties to the Israeli occupation.

Mette Nord
President, Norwegian Union of
Municipal and General Employees

Liv Tørres
Secretary General, Norwegian
People's Aid

Summary and recommendations

This is the second report in the “Dangerous Liaisons” series published by the Norwegian Union of Municipal and General Employees and Norwegian People’s Aid. The aim of the series of reports is to contribute to the reduction of Norwegian support to the occupation. The report follows up on the findings and recommendations in “Dangerous Liaisons – Norwegian ties to the Israeli occupation” (Dangerous Liaisons I) from 2012.

The report found that Norwegian authorities and companies are involved, through financial investments and trade, in operations that contribute to Israel’s violations of international law and human rights through the occupation of the West Bank and Gaza Strip. It also highlighted how groups in Norway directly support the occupation through money transfers to individual settlements.

Dangerous Liaisons II provides up-to-date information about Norwegian trade with and investments in companies that contribute to the violations of international law and human rights through the occupation of Palestine.

We will also look at two new areas: Norwegian municipalities’ investments and Norwegian-Israeli institutional and business collaborations that support the violation of law in occupied Palestinian territories.

In Chapter 4 we will take a closer look at the Norwegian authorities’ duty to protect human rights. Norwegian authorities have no clear policy

concerning financial relationships that support illegal settlements. So far, 21 European countries have published recommendations warning businesses against the financial, legal and reputational consequences of entering into collaborations that support Israeli settlements. The Norwegian Union of Municipal and General Employees and Norwegian People’s Aid believes that Norway should follow suit and make similar recommendations.

It is also necessary to ensure that public sector entities take human rights into account in their procurement practices. In Chapter 4.3 we will take a closer look at the Norwegian tax deduction scheme for donations to charitable organisations. We recommend that the authorities ensure that organisations that contribute to the violations of international law are excluded from this scheme and are not permitted to rejoin.

Chapter 5 looks at Norwegian Government Pension Fund Global (SPU) investments, private Norwegian banks and fund managers and the four largest Norwegian municipalities. SPU has invested in 41 companies with operations that can be linked to the occupation. 13 of these are companies that we consider to be involved in especially severe violations of law that contravene the SPU guidelines.

These are Heidelberg Cement, Cemex, Hewlett-Packard, Motorola, Alstom, Caterpillar, G4S, Bank Hapoalim, Bank Leumi, Dexia Group, First International Bank of Israel, Israel Discount Bank and Mizrahi Tefahot Bank.

Private Norwegian banks and fund managers and Norwegian municipalities have also invested in several of these 13 companies. Our investigation of the four largest municipalities in Norway shows that there is a need for more active ethical management, both of the municipalities’ own investments and of investments from public occupational pension managers.

In Chapter 5.1.4 we take a closer look at SPU’s investments in Israeli government bonds, which in practice constitute an unconditional loan to the Israeli government. These investments have increased significantly in recent years. The Norwegian Union of Municipal and General Employees and Norwegian People’s Aid believe that ethical guidelines should be implemented for investments in government bonds.

The chapter on trade demonstrates that products that have been manufactured in the occupied territories and products from companies with production facilities in settlements are sold in Norway. This contributes financially to the Israeli settlements and such trade should therefore be stopped. It has also been proven that fruit and vegetable producers in Israel incorrectly label goods from settlements to give the impression that these have been produced in Israel.

We recommend that Norwegian retailers cease trading with companies that have production facilities in Israeli settlements. We will also look at the regulations and practices for labelling and customs clearance of goods from the settlements. The regulations are

complicated and Israel forces liability onto the importing countries.

In Chapter 7 we will show examples of Norwegian-Israeli institutional and business collaborations that support the violations of international law and human rights. Norwegian stakeholders have collaborated with Israeli companies and institutions that support the occupation through several projects under the EU framework for research and development.

We have also found that the products of a Norwegian company (Zenitel Norway) have been used in illegal settlements and that another Norwegian company (Nicarnica Aviations) has entered into collaboration with Elbit Systems, which has been excluded from the Norwegian Government Pension Fund Global (SPU) due to deliveries to the construction of the Israeli West Bank wall that violates international law.

Main findings

- From 2011 to 2014, Norwegian government investments in Israeli government bonds have become 40 times larger – from NOK 199 million to NOK 8 billion.
- The Norwegian Government Pension Fund Global (SPU) has invested around NOK 64.1 billion in 41 companies that contribute to the violations of international law and human rights in Palestine.
- 21 European countries discourage businesses from financial collaboration with the settlements. The Norwegian government has yet to make such recommendations.
- The four largest municipalities in Norway have all invested in companies that contribute to the occupation of Palestine.
- Norwegian fruit and vegetable importers trade with companies that undertake production in illegal Israeli settlements on the West Bank.

The report presents the following recommendations for the Norwegian government, banks and fund managers, the business community and private individuals

1. RECOMMENDATIONS FOR THE NORWEGIAN GOVERNMENT

Recommendations for business

- The Norwegian government must prepare written recommendations for Norwegian businesses to discourage financial relationships that support illegal settlement and other violations of international law and human rights in the occupied Palestinian territories. Such recommendations should include warnings about the financial, legal and reputational risks associated with such collaborations.

Investments

- The Council on Ethics should recommend that the Norwegian Government Pension Fund Global (SPU) withdraws investments from companies listed in Chapter 5.1.3.

- In situations where the Council on Ethics recommends exclusion, Norges Bank must initiate dialogue with the companies for the purpose of changing corporate policy.

- The Norwegian government must introduce ethical guidelines for the Norwegian Government Pension Fund Global (SPU) 's investments in government bonds to ensure that it does not invest in governments responsible for severe violation of human rights.

- Norwegian municipalities must ensure active ethical management of municipal investments in funds and municipal occupational pension schemes.

- Norwegian municipalities should withdraw their own investments and investments via the municipal occupational pension manager from

companies listed in Chapter 5.1.3. These companies should be added to the exclusion lists until the companies cease the violation of law in occupied Palestinian territories.

- Norwegian municipalities should publish exclusion lists and generally be transparent with the general public with regard to its own investments and investments via occupational pension schemes.

Public procurements

- The public sector should ensure that supply chains do not include companies that have operations in settlements, support illegal settlement activity or contribute to other violations of international law and human rights in the occupied Palestinian territories.

- ix. Public procurers must respect human rights in all procurement procedures.

Trade

- xi. The Norwegian government should be an active driving force in establishing regulations to prevent the importing of settlement goods to Europe.
- xii. In anticipation of regulations to prevent importing of settlement goods, the Norwegian government must actively contribute to processes carried on a European level to place more of the responsibility for clear labelling of origin on the Israeli authorities.
- xiii. The Norwegian government must ensure that statistics on imports from Israel, from Israeli financial operations in the occupied territories and areas controlled by the Palestinian National Authority are generated in a way that makes it possible to read data from Statistics Norway with regard to the volume and value of goods imported from the respective areas.
- xiv. The Norwegian government must ensure that the customs authorities have the necessary resources to carry out checks on goods imported from Israel. The government must ensure that goods labelled using postcodes from settlements in occupied territories do not benefit from lower customs rates under the agreement between EFTA and Israel. The Norwegian government must also provide clear guidelines as to how and to what extent such checks will be carried out.

Settlement financing

- xv. The Norwegian government should introduce legislation to prohibit Norwegian citizens and organisations from providing financial support to the Israeli settlements.
- xvi. The Norwegian government must ensure that organisations that provide financial support to settlements are removed from the list of organisations covered by the tax deduction scheme for gifts to non-profit organisations and that such organisations are not added to this list.

Institutional collaboration

- xvii. The Norwegian government should introduce separate guidelines for Norwegian participation in the EU framework for research to ensure that Norwegian participants do not collaborate with parties that contribute to the violations of international laws and human rights.

2. RECOMMENDATIONS FOR NORWEGIAN BANKS AND FUND MANAGERS

- i. Norwegian banks and fund managers should withdraw investments from companies listed in Chapter 5.1.3 and add these companies to their exclusion lists until the companies cease norm violations in occupied Palestinian territories.
- ii. In those cases in which banks and fund managers do not consider the companies' operations to be serious enough to warrant withdrawal, banks and fund managers must enter into dialogue with the companies to ensure that their practices change.
- iii. Banks and funds should publish exclusion lists and be transparent with customers and the general public concerning the contents of investment portfolios.

3. RECOMMENDATIONS FOR ORGANISATIONS, INSTITUTIONS AND BUSINESSES

- i. Norwegian companies and importers should cease all trade with companies that have production in settlements and associated industrial zones or that otherwise contribute to the violations of international law and human rights in the occupied Palestinian territories.
- ii. Norwegian companies and importers should cease trade of goods produced in Israeli settlements and associated industrial zones in the occupied territories.
- iii. Norwegian organisations, institutions and companies should avoid collaboration in business, culture and research with parties that contribute to the violations of international law and human rights in the occupied Palestinian territories.

4. RECOMMENDATIONS FOR PRIVATE INDIVIDUALS

- i. We encourage people not to buy goods produced in the occupied Palestinian territories. We also encourage people not to buy goods from companies that carry out production activities in the settlements, regardless of whether or not the goods sold in Norway have been produced in a factory in a settlement.
- ii. We encourage private individuals who save through funds to ask their bank or fund manager to check that their funds do not invest in companies active in the occupied Palestinian territories. We encourage private individuals to change funds, banks or fund managers if the funds have investments in these companies and are unwilling to consider excluding them from their portfolios.
- iii. We encourage Norwegian individuals not to give money to Israeli settlements in the occupied Palestinian territories.

1. INTRODUCTION – PURPOSE

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid have, through the report series "Dangerous Liaisons", shown that the Norwegian government and private Norwegian parties have ties to activities that contribute to the violations of international law and human rights under the Israeli occupation.





Settlers in the Palestinian city of Hebron live in the centre of the city under the protection of the Israeli military. The photograph shows the contrast between the settlers' water tanks at the front and the Palestinian water tanks at the back. (Photo: Ingvild Skogvold)

1. Introduction – purpose

The conditions for an end to the occupation and the establishment of a Palestinian state are gradually becoming worse. Israel has established an increasingly extensive permanent infrastructure in the occupied territories for the purpose of ensuring that they will remain part of Israeli territory, regardless of any peaceful solution. The number of settlers and the number of settlements are on the increase and the control regimes are becoming increasingly strict.

The wall built by Israel is predominantly located inside the occupied West Bank. A number of permanent military checkpoints and terminals control and prevent Palestinian movement. The

settlements have seized control of water sources and vast areas of land, and Israel has established a number of industrial zones to support the settlements' economies, control strategic areas and exploit natural resources.

This means that the occupation economy has become an integral part of the Israeli economy while also preventing economic development in Palestine. East Jerusalem is blocked off from the rest of the West Bank while the Gaza Strip is enclosed and subject to a heavy Israeli blockade.

The Norwegian government supports a two-state solution. It has been a foreign policy goal for all Norwegian

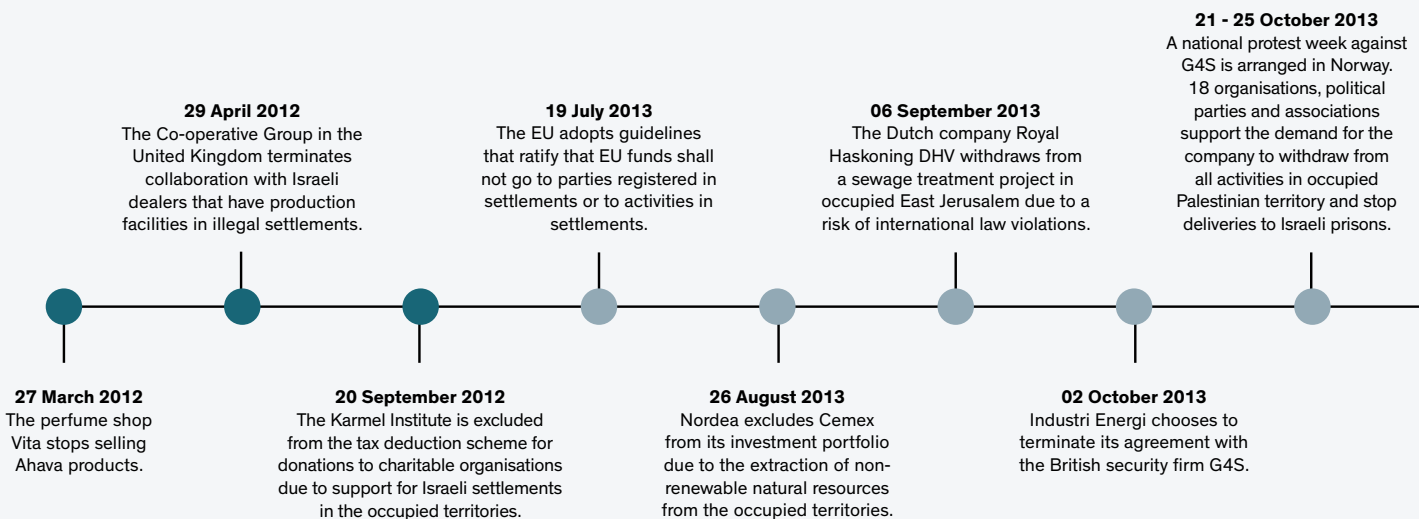
governments for more than two decades to contribute to the establishment of a Palestinian state. There is agreement across party lines that the Israeli occupation of the Gaza Strip and West Bank, including East Jerusalem, violates international law and that the occupation must be terminated and replaced by a Palestinian state in this territory.

The "Dangerous Liaisons" report series by the Norwegian Union of Municipal and General Employees and Norwegian People's Aid shows that there is another side to the story: The Norwegian government and private Norwegian parties have ties to activities that contribute to the violations of

Important events that have occurred since the publication of Dangerous Liaisons I

2012

2013



international law and human rights under the Israeli occupation. This contravenes the responsibility of governments and companies to not contribute to the violations of international law and human rights.

Awareness and interest in the various Norwegian ties to the Israeli occupation of Palestine have significantly increased since the Norwegian Union of Municipal and General Employees and Norwegian People's Aid released the first report in 2012. This period has also been characterised by a number of international events in which the EU, European governments and multiple banks and companies have intervened to

ensure that they do not support illegal settlements.

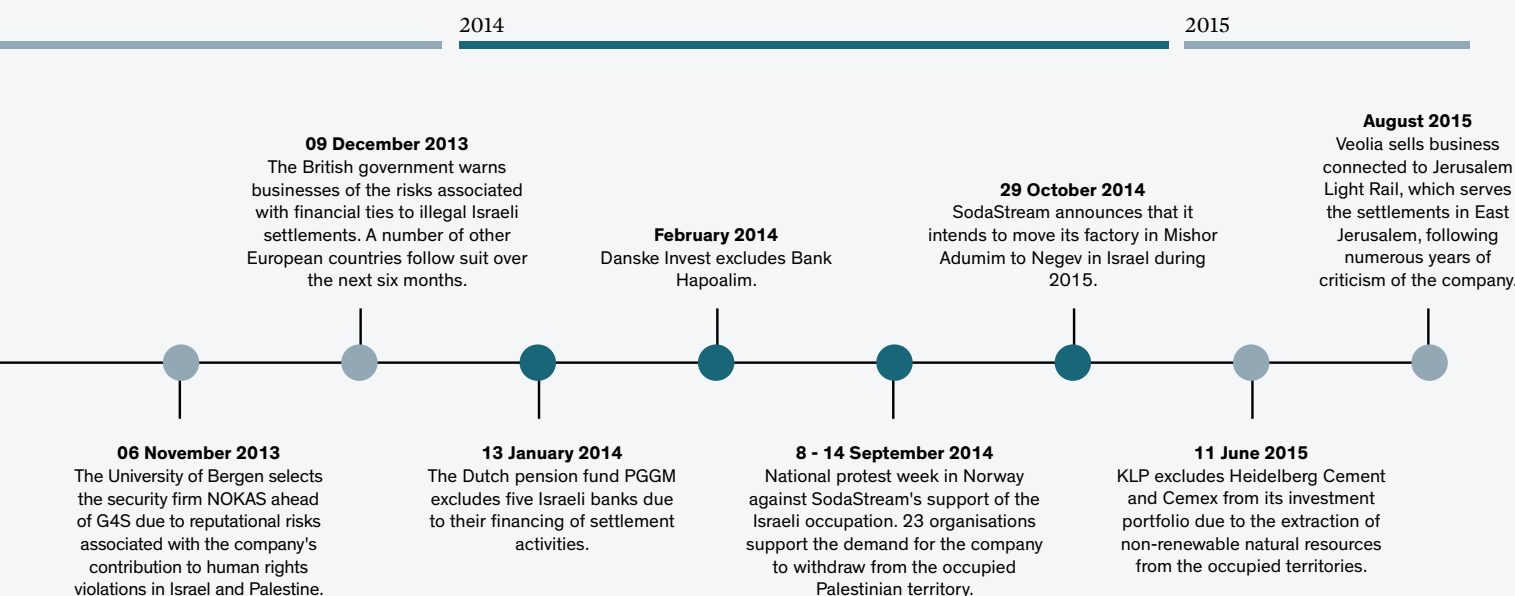
Examples of some of these events can be found below.

Even though there have been a number of positive developments in recent years, there is still some way to go before the Norwegian government and businesses comply with their obligation not to support the violations of international law and human rights.

Specific recommendations to government and municipal authorities, companies, institutions and private individuals are presented in the

dangerous liaisons reports. The Norwegian Union of Municipal and General Employees and Norwegian People's Aid have been in dialogue with the Norwegian government, private businesses and various organisations for a long time to establish the facts that are set out in the report as well as our recommendations.

We hope that this new version of the report will inspire even more Norwegian public and private sector parties to cut ties with companies that contribute to the Israeli violations of international law and human rights in Palestine.



2. LIMITATIONS, DEFINITIONS AND METHODOLOGY

The report's point of departure is that the Israeli occupation constitutes violations of international law and that it must cease in order to find a fair solution to the conflict between Israel and the Palestinians.





Palestinians climbing over the illegal wall in order to pray in the Al-Aqsa mosque in Jerusalem during Ramadan, July 2013. (Photo: Active Stills)

2. Limitations, definitions and methodology

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 “occupied Palestinian territories” or “occupied territories” to refer to the West Bank, including East Jerusalem, and the Gaza Strip. We have not looked at investments in or trade with Israeli or international companies that operate only within Israeli borders prior to 1967.

We have also not included the occupied Golan Heights in this report as this is not an occupied Palestinian territory. However, some of the companies involved in the occupation of the Palestinian territories also operate in the Golan Heights.

The report is based on the necessity for companies to be responsible for ensuring that their own and subordinate companies respect human rights. More about corporate responsibility to respect human rights and international laws and frameworks can be found in Chapter 3.

The work on this report was carried out from January to May 2015 with certain updates added in August 2015. Parts of the report are based on findings from *Dangerous Liaisons I* from 2012.

The report is largely based on a review of reports and research, publicly available information from government agencies and private businesses, as well as dialogue with a number of organisations, companies and private individuals based in Norway, Israel, the occupied Palestinian territories, several European countries and the USA.

To the extent possible, we have attempted to verify information through a minimum of two sources, but, in a number of cases, the availability of information relating to company activities is so limited that we have been unable to identify more than one source. In a number of these cases our main source has been the Israeli organisation Who Profits. Who Profits aims to publicise Israeli and international companies’ involvement in the Israeli occupation of Palestinian and Syrian territories. The organisation has an excellent database in which you can find information about the involvement of each company – www.whoprofits.org. The organisation also generates extensive reports on individual companies and sectors.

All of the Norwegian companies that have been specifically listed have been informed in advance and have been given the opportunity to provide input to the report. We have been in dialogue with all 13 banks and fund managers referenced in Chapter 5. They were presented with our findings and had the opportunity to comment before the report went to print.

We have been in contact with all Norwegian companies and institutions listed as examples in Chapter 6 on trade and Chapter 7 on institutional collaboration and business collaboration either via e-mail, telephone or through meetings. With regard to the topic of trade and support to settlements we have been in touch with the Norwegian Ministry of Finance, the Norwegian Ministry of Foreign Affairs, the Directorate of Norwegian Customs and other relevant government agencies.

In connection with the translation of the report into English, certain corrections and updates have been made.

Fahmi Shawwa was born in Gaza in 1927. He has nine sons and more than 30 grandchildren. 50 years ago, Fahmi bought land in the northern part of the Gaza Strip in order to realise his dream of having his own fruit trees. Following many years of hard graft his trees finally began to bear fruit. For a long time, Fahmi was able to export oranges and lemons to Jordan and the EU, but his land was cleared by Israeli bulldozers. "This new tree is like gaining another child," Fahmi says. (Photo: Khalil Zaquot, Norwegian People's Aid, Palestine)



3. BACKGROUND

Violence and abuse perpetrated by the Israeli military and settlers, illegitimate deprivation of liberty, illegitimate confiscation and destruction of property and restrictions on freedom of movement contribute to making life under occupation extremely difficult.





Palestinian boy and Israeli soldier at the Abu Dis checkpoint in East Jerusalem in April 2006. (Photo: Kashfi Halford)

3. BACKGROUND



3. Background

3.1 The Israeli occupation of Palestinian territories

Israel has occupied the West Bank and Gaza Strip since the Six-Day War in 1967. The UN Security Council's resolution 242 concludes that Israel must withdraw from the occupied Palestinian territories – a collective term for the West Bank (including East Jerusalem) and the Gaza Strip.

For the last decade, efforts have been made to resolve the conflict over Palestine through negotiations for a two-state solution. Based on international law, the Palestinians have demanded that the Israeli occupation must come to an end and that a Palestinian state must be established in the West Bank and Gaza Strip. The Oslo I Accord between Israel and the Palestine Liberation Organisation (PLO) in 1993 did not realise this demand but established limited Palestinian autonomy over parts of the West Bank and the Gaza Strip through the Palestinian National Authority (PNA). The aim was for a further solution to be reached through negotiations. But more than 20 years after the Oslo I Accord, the attempts to reach a final agreement have yet to be successful.

The Oslo I Accord split the occupied territories into A, B and C areas. In the A areas the PNA was to have full control over civil life and security. In the B areas the autonomous authority was to have civil control, while Israel retained full control of security issues. In the C areas Israel was to retain both civil and security control in full. Both before and after the Oslo I Accord, Israel has moved its own population into settlements in the occupied territories. These can largely be

found in area C that constitute more than 60 percent of the West Bank. This has resulted in a geographical fragmentation of the occupied territories.

The occupation comes at an extensive cost to the occupied Palestine population. The occupation itself stands in the way of their collective right to autonomy but is also accompanied by extensive violation of the rights they have under international law as an occupied civilian population, as well as violation of their human rights.

Violence and abuse perpetrated by the Israeli military and settlers, illegitimate deprivation of liberty, illegitimate confiscation and destruction of property and restrictions on freedom of movement are some of the many conditions that make life under occupation extremely difficult.

This applies especially to the Gaza Strip, which is held under a heavy blockade and is regularly exposed to attacks from Israel – at enormous cost to society. The occupation regime also damages the Palestine economy through restrictions on transport and trade.

The settlements and wall in the occupied territories²

Israel has been constructing colonies, better known as "settlements", in the occupied Palestinian territory since the Six-Day War in June 1967. These settlements provide housing and business opportunities in occupied Palestinian territory to Israelis only. There are around 150 Israeli settlements in the West Bank and East Jerusalem as

well as around 100 "outposts" that are not authorised by the Israeli government. It has been estimated that there are around 550,000 Israeli settlers in the occupied territories. The settlements create Israeli enclaves on Palestinian land and fragment the occupied territories. They are also protected by the Israeli military and are therefore a central part of the occupation regime in the West Bank. See Annex III for a map showing the Israeli settlements in the West Bank.

According to UN OCHA in 2012, 43 percent of the West Bank is largely inaccessible to the occupied population, as it has been earmarked for use by settlements. According to Israeli records, around one third of the land areas situated within the outer boundaries of the settlements are privately owned by Palestinians. More than 60 percent of Palestinian-owned homes destroyed by Israel in 2011 due to inadequate building permits were situated in territories that had been allocated for settlements.

UN OCHA documented 400 incidents of settler violence in 2013.³ Such incidents rarely result in punishment. The Israeli human rights organisation Yesh Din has documented that only 7.4 percent of cases from 2005-2014 in which Israeli civilians were suspected of attacking Palestinians and their property ended in prosecution.⁴

There is broad international consensus that the Israeli settlements in the West Bank and East Jerusalem are illegal. Article 49 of the Geneva Convention establishes that "[...] The Occupying Power shall not deport or transfer parts

of its own civilian population into the territory it occupies.” There are also a number of resolutions from the UN Security Council concluding that the settlements are illegal.

Since 2002, Israel has been building a wall in the West Bank. 85 percent of the wall is situated in occupied territories. The total length of the wall will be around 708 kilometres, 70 percent of which is complete or under development. The official justification from Israel is that the wall is being constructed for reasons of security. In practice, the wall establishes a new geographical border. It encircles a number of the Israeli settlements and many of the water

sources in the West Bank, making these inaccessible to Palestinians. 94 percent of the West Bank are isolated and several thousand Palestinians are trapped in the so-called “seam zone” on the western side of the wall when it is completed. Even more villages will lose access to their land on the opposite side of the wall and Palestinian movement and development will be hindered.

In the advisory statement from 2004 concerning the legality of the wall in the West Bank, the UN International Court of Justice (ICJ) in The Hague concluded that the wall constructed in the occupied territories violates international law and must be demolished.

The ICJ also considered the legality of the settlements and concluded that the Israeli settlements in the occupied Palestinian territory (including East Jerusalem) had been established in violations of international law.

In addition to the wall, settlements, checkpoints and road blocks, Israel has built roads in the occupied territories that only Israeli settlers are permitted to use.

Together this constitutes an occupation regime that has an extremely negative effect on the individual and collective rights of the Palestinians. The regime also has very damaging effects on the Palestinian economy.

3.2 Companies that support the occupation of Palestine

The occupation of Palestine is enforced by the Israeli government. Nevertheless, private companies are involved in the occupation in a number of different ways. Companies that supply infrastructure such as electricity and water to settlements or carry out production activities and have other types of presence in industrial zones linked to settlements are highly likely to be contributing to the violations of international law and human rights.

There are also companies that extract natural resources that legally belong to the Palestinians, supply goods or services to Israeli prisons where Palestinian minors are jailed and

produce military equipment and weapon components that are used against civilians in Gaza.

The Israeli economist Shir Hever describes a process he refers to as the “privatisation of the occupation,” in which, since the early 2000s, more and more business opportunities linked to the enforcement of the occupation have emerged for private companies.

According to Hever, the Israeli occupation entered a new phase in around 2002, when it became “privatised”. Based on work undertaken by other economists as well as his own research, Hever claims that many of the

tasks that previously fell to the Israeli military, such as the maintenance of military checkpoints and defence of settlements, are now subject to extensive privatisation. According to Hever, these changes did not result in the occupation becoming “cheaper” for Israel, but contributed to numerous business opportunities, for example for private security firms.

This development towards increased private business involvement in the occupation is one of the reasons why it is crucial to scrutinise Norwegian ties to the occupation and the responsibility of the government and private businesses. Below we will take a closer look at two

ways in which private companies are involved in the occupation. These are through presence in Israeli industrial zones in the occupied territories and through the operation of settlement farms in the Jordan Valley.

In Chapter 5.1.3 you will find several examples of companies that contribute to the violations of international law and human rights in the occupied territories.

3.2.1 Industrial zones in the occupied territories

There are around twenty Israeli industrial areas in the occupied territories, either linked to settlements or as more or less "independent" industrial zones. Some of the largest and most important include Alfei Menashe, Barqan, Binyamin, Gush Etzyon, Kadumim (aka Baron), Mishor Adumim, Shahak, Shim'a (aka Meitarim) and Atarot industrial zone in East Jerusalem, Ariel West, Nitzanei Shalom, Shilo, Karney Shomron, Ma'ale Efrayim, Alon Moreh, Halamish, Nili, Ptza'el and Kiryat Arba.

The industrial zones receive various forms of subsidies and funding from the Israeli government. The reason for this is that Israel classifies all industrial zones as national economic priority A areas. In light of the occupation, such incentives to Israeli industrial zones in the occupied territories should be viewed as the Israeli government exercising an active policy to expand settlements and reinforce the occupation.

According to the Israeli organisation B'Tselem, 22 percent of Israel's total investments in industrial zones went to such zones in the occupied territories. The same organisation shows that companies that establish themselves in the Ariel industrial zone in the West Bank pay a rent of NIS 41 per square metre, while companies that establish themselves in Rosh Ha'Ain instead, situated ten minutes' drive away but within the borders of Israel before 1967 pay as much as NIS 87 per square metre.

These industrial areas directly contribute to the expansion and maintenance of the illegal settlements and therefore contribute to creating what is referred to as "facts on the ground" in the occupied territories. Companies that establish themselves in these industrial zones contribute financially to the settlements, through the creation of employment opportunities, financial development and municipal tax to the settlements they are linked to.¹³

In addition to the industrial zones actively contributing to maintaining the occupation, there have also been major challenges with regard to workers' rights and issues with pollution. Many of the workers in the industrial zones are Palestinians. Only in 2007 did the High Court of Israel declare that the Israeli Working Environment legislation would also apply to Palestinians working for Israeli employers in settlements or industrial zones in the West Bank. Since then Palestinian workers have been entitled

to the Israeli minimum wage, payslips, holiday pay and health insurance schemes.

Kav LaOved, an organisation working for the rights of Palestinian and immigrant workers among others, stated in connection with the judgement from the High Court that even though it was positive it still contravened international law. International law concludes that an occupying power cannot force through or enforce its own legislation on the occupied population.¹⁴

While on paper they are equal to Israeli workers who work in settlements in terms of the working environment legislation, Palestinian workers from the West Bank do not receive the same rights as Israeli workers do. Among other things, they require security clearance from the Israeli government in order to obtain a work permit. According to Who Profits, Palestinian workers in settlements who choose to join a trade union, are politically active or otherwise demand their rights risk losing their work permit.¹⁵

Israeli journalists have also documented that the working environment legislation is not enforced in the Israeli industrial zones in the West Bank. A widespread problem is that Palestinian workers receive too little pay.¹⁶

Mishor Adumim industrial zone

The Mishor Adumim industrial zone on the outskirts of Jerusalem is one of the largest Israeli industrial zones in the West Bank. Mishor is linked to the Ma'ale Adumim settlement, the third largest settlement in the West Bank, with a population of around 39,000. The settlement has been developed on land belonging to the Palestinian villages of Abu Dis, Al-Izriyyeh, Al-Issawiyyeh, Al-Tur and Anata. Both Ma'ale Adumim and Mishor are part of the controversial East 1 project. In practice the purpose of the project is to cut the link between Jerusalem and the West Bank by expanding the settlement/industrial zone. This would further contribute to undermining the possibility of a sustainable Palestine state.

The industrial zone is managed by The Ma'ale Adumim Economic Development Company Ltd. According to the organisation Corporate Watch, the company works closely with the Israeli land administration to encourage the expansion of settlement activities in the area. A subsidiary (The Ma'ale Adumim Planning and Development Company Ltd) is also responsible for a waste disposal site established on land belonging to the Palestine city of Abu Dis. The waste disposal site receives waste from Ma'ale Adumim, Jerusalem and surrounding areas.

In total there are more than 230 factories and companies in the Mishor Adumim industrial zone. Like the other industrial zones in the occupied West Bank, Mishor has a lot of industry that produces waste that is hazardous to the environment. The Mishor Adumim website advertises that the industrial zone is classified as national priority area A, which entitles the companies to receive a number of benefits from the government, including low corporate and municipal tax.¹⁷

The producer of home carbonating devices, SodaStream is one of the companies we discuss in Chapter 6 on trade. The company sells its products in Norway and has its main factory in Mishor Adumim. SodaStream moved its production out of Mishor Adumim in December 2015. Other companies with a presence in Mishor include Mayer's Cars and Trucks, the official representative of the Volvo Group in Israel and Rami Levy and Shufersal, two supermarket chains that the Norwegian Government Pension Fund Global (SPU) owns shares in.

SodaStream's factory in the Mishor Adumim industrial zone linked to the Ma'ale Adumim settlement, October 2011. (Photo: Who Profits)



The situation described in this example is largely reproduced in the other industrial zones. It is a common pattern for the industrial zones to be linked to one or more settlements situated on land stolen from Palestinian cities and villages, to benefit from lower taxes and other subsidies from the Israeli government and to a large extent to be part of Israel's plans to create "facts on the ground" in the occupied territories.

Many industrial zones include companies that have been accused of poor working conditions and serious environmentally hazardous emissions as well as of consuming Palestinian natural resources such as water and minerals. The majority of the companies described in this report have links either to settlements, industrial zones or both and therefore contribute to the direct support of the continued Israeli occupation of the Palestinian territories.

3.2.2 Settlement farms in the Jordan Valley

The Jordan Valley is situated in the West Bank to the east of the Jordan River and to the north of the Dead Sea. Thanks to the access to good soil, water resources and advantageous climate conditions, the valley has very fertile agricultural lands. Here, Israeli settlers grow fruit, vegetables and flowers for export.

There is intensive agriculture in Israeli settlements in the Jordan Valley all year round, it is largely computer-controlled and the crop type can be easily changed based on demand in the local or international market. The settlements here receive funding from the Israeli Ministry of Agriculture to develop new

technology and methodologies to tackle the salinity of the soil.

The Israeli government has given Jordan Valley Regional Council and Megilot Regional Council, two regional settlement councils, control over 86 percent of the Jordan Valley. This is in spite of the 9,500 settlers in the Jordan Valley constituting only 11 percent of the population in the area.¹⁸

The Israeli settlements in the Jordan Valley are highly reliant on private agricultural companies. The livelihood of several settlements would be under threat if the export possibilities were reduced. Around 30 percent of the settlements in the area are based on agriculture and a further 30 percent on support functions such as packaging plants, refrigeration, transport and office services.¹⁹

According to the World Bank, these settlements produce 60 percent of the dates in the Israeli market and 40 percent of dates exported by Israel.²⁰ Hadiklaim, which has exported dates to Coop, has around 60 percent of its date production in this area. Mehadrin, which exports to both BAMA and Coop, also buys products from settlements in the area. In addition, Edom UK, which is a supplier to BAMA and ICA, also has a packaging plant in the Tomer settlement in the Jordan Valley. See Chapter 6 for more information about these companies.

In stark contrast to the success of the agricultural producers in the settlements in the Jordan Valley, Palestinians experience major

agricultural challenges in the same area. The challenging situation faced by Palestinian farmers is a direct consequence of the Israeli occupation and agriculture. The Palestinian population in the Jordan Valley is severely affected by military road blocks and checkpoints. Only 1/8 of the agricultural land accessible to the Palestinians is used to grow fruit and vegetables. Israeli restrictions on water resources available to Palestinians mean that the costs to farmers have increased. This has also resulted in crops being of lower quality than before. This also means that they are unable to compete in the market against settlement products or products from Palestinian farmers elsewhere in the West Bank.

The World Bank estimates that if the Palestinians were granted access to area C it would result in production corresponding to 23 percent of Palestinian GDP in 2011 (USD 2.2 billion) for the agriculture, mineral recovery, quarrying, tourism, construction industry and telecommunications sectors.²¹

The fact that the Palestinians have limited or no access to the Dead Sea has also prevented the development of industry and other activities that could provide a substantial source of income and employment.

At the same time as the Palestinians have been unable to start such activities in this area, Israeli settlements have been able to develop activities within agriculture, mineral recovery, tourism and other industries in the areas, resulting in substantial income.²²

Child labour in settlement farms in the Jordan Valley

Many Palestinians work at settlement farms, often under very difficult conditions. The "Ripe for Abuse: Palestinian Child Labor in Israeli Agricultural Settlements in the West Bank" report from Human Rights Watch (HRW) documents that hundreds of Palestinian children work at Israeli settlement farms in the West Bank, the majority of which are in the Jordan Valley. This happens in spite of international law, as well as both Israeli and Palestinian legislation, defining the minimum age for when someone can start working as 15. HRW has spoken to children who began working at settlement farms at the age of 13-14 and even younger children working part-time. One of those interviewed by HRW said that he was working with a boy who was only ten years old.

The work carried out by the children at the settlement farms is difficult and, at times, extremely dangerous. The children HRW spoke to described vomiting, dizziness and rashes from spraying pesticides, as well as pain and numbness in the body

resulting from heavy lifting. The temperatures in the fields and greenhouses can become very high and some children explained that they had experienced symptoms of heatstroke.

None of the children interviewed by HRW had health insurance or national insurance. The majority of those who required medical treatment due to occupational injury or illness said that they had to pay hospital bills and transport costs to Palestinian hospitals themselves.

Everyone interviewed by HRW said that they worked at settlement farms due to their family's serious financial situation and lack of alternative employment. The reason for the high unemployment is the Israeli government policy in the West Bank, including the Jordan Valley, which severely restricts Palestinians' access to land, water, fertiliser and the opportunity to transport their own goods.²³



Palms for date production in the Na'aran settlement in the Jordan Valley, April 2015. (Photo: Saed Abu Farha)

3.3 Voices from the Jordan Valley

Photo and text: Saed Abu Farha

The Palestinian farmers in the Jordan Valley encourage consumers to boycott Israeli dates, vegetables and fruit from the companies Mehadrin and Hadiklaim, as well as other companies that export goods from Israeli settlements. These two companies collaborate with the Israeli settlements in the Jordan Valley and have direct and indirect impact on the lives of Palestinian farmers and their opportunity to market their goods.

"My family and I grew vegetables on our own land but when the Massu'a settlement started exporting vegetables via Mehadrin it affected the market price of our products. After a while we were forced to stop cultivating our land as it was no longer profitable." (Hussayn al-Aydi, Palestinian farmer from the Al-Jiftlik village in the Jordan Valley)

The competition experienced by the al-'Aydi family from the products from the Massu'a settlement not only resulted in them having to stop cultivating the land. al-Aydi was also forced to work as a farmer for the settlement with low pay and poor working conditions.

"I am far from proud of working in a settlement built on Palestinian land. But because they control the land, water and market I have no other options for making a living."

There are plenty of stories from the Jordan Valley similar to the one told by al-Aydi. One of them is the story of the farmer Ahmad Tubasi from Tammoun.

He previously farmed in greenhouses to provide for his family but he now works in the Beqa'ot settlement. Tubasi explains that he has seen a lot of fraud during the time he has been working in the settlement. One thing they do is neglect to label the goods to state that they have been produced in the settlements and sometimes they are labelled as having been produced in the Holy Land.

"I had greenhouses across a 12 decares area, in which I grew bell peppers. The farming was extremely successful and there was an excellent export market," explains Saddam Bani'Awda and continues: "After a year the Beqa'ot settlement started using greenhouses to grow bell peppers, monopolised the market and started exporting to Europe. After losing 250,000 shekel I was forced to leave the land and work in the settlements that outperformed my crop and destroyed my success."

The monopolisation of the market by Israeli agricultural companies is not

the only obstacle faced by Palestinian farmers in the region. The occupying power controls the water resources in the Jordan Valley. Palestinians are prohibited from building new wells or repairing old wells, while the occupying power builds new wells and expands old ones.

On average around 600 cubic metres of water are collected each hour from Israeli wells, which have a depth of 300 metres. The average water collection from Palestinian wells, which have a depth of 90 metres, is around 60 cubic metres per hour.

This has a direct impact on opportunities for Palestinian farmers. All Palestinian farmers in the Jordan Valley suffer from the settlements in one way or another. The settlements have been built on Palestinian land, the settlements control the land and the water and monopolise the export market for vegetables, fruit and flowers.

"My family and I grew vegetables on our own land. But when the Massu'a settlement started exporting vegetables via Mehadrin it affected the market price of our products. After a while we were forced to stop cultivating our land as it was no longer profitable."

"I am far from proud of working in a settlement built on Palestinian land. But because they control the land, water and market I have no other options for making a living," says Hussayn al-Aydi, Palestinian farmer from the Al-Jiftlik village in the Jordan Valley.

(Photo: Saed Abu Farha)





3.4 International and Norwegian frameworks for corporate social responsibility

We have shown how the operations of private parties are increasingly contributing to maintaining the Israeli occupation. We will now take a closer look at the framework for corporate responsibility in a conflict situation in which systematic violations of international law and human rights occurs.

When, to what extent and in which way can companies be held accountable, morally or legally, for the violation of human rights? This question has become more important in line with large multinational companies with complicated ownership structures and global reach influencing peoples' lives to a greater extent.

In parallel with multinational companies gaining increased power, there has also been increased awareness, internationally and nationally, of corporate social responsibility (CSR). Additionally, we have also gained a clearer international framework that sets out that companies must respect human rights and international law.

International conventions are highly relevant to companies with a presence in the occupied Palestinian territories. The International Committee of the Red Cross has, among other things, said that international humanitarian law is binding not only to states but all parties linked to armed conflict, including private companies.²⁴

Contributing to the violations of international law could, in the

worst case scenario, result in legal prosecution through national courts, of both individual businesspeople and companies.²⁵

A number of frameworks have been established for corporate social responsibility. Internationally, the UN Guiding Principles on Business and Human Rights (UNGP) is the most important of the various frameworks.

There is also the UN Global Compact, OECD Guidelines for Multinational Enterprises, the UN-backed initiative Principles for Responsible Investment (PRI) and the Norwegian Ethical Trading Initiative Norway (IEH).

Together, the frameworks have established a standard indicating that companies have a responsibility to respect human rights and international law.

Through their investments, investors have a similar responsibility for ensuring that they do not contribute to the violations of international law and human rights through their business relations.

Some of the most important initiatives and frameworks have been listed in brief below.

In July 2011, the UN Human Rights Council adopted the "Guiding Principles on Business and Human Rights: Implementing the United Nations Protect, Respect and Remedy Framework". The framework is now referred to as the **UN Guiding**

Principles (UNGP) and is based on three pillars: States' duty to protect against human rights violations committed by third parties, including companies, corporate responsibility to respect human rights and access to remedy for victims of human rights violations.²⁶ The relationship to international humanitarian law is also covered by these principles. In the comments on one of the UNGP principles, it says that in situations of armed conflict, companies should respect international humanitarian law, which is the term for the international regulations applicable to war and conflict.²⁷

According to the UNGP, all companies have a responsibility to respect human rights. This means that companies must avoid being the direct cause of or indirectly contributing to any negative human rights impact. Companies must also work to prevent or reduce negative impact on human rights directly linked to their operations through business relationships, products or services even if the company does not directly contribute to the infringement.

In practice, this means that companies must operate with due diligence so as to avoid infringing the rights of others. The extent of measures initiated by companies depends on whether the company is the direct cause of the infringement, whether it contributes indirectly or whether it is linked through business relationships, products or services. The measures should also be customised for the business activity and the human rights impact.²⁸

UNGP defines business relationships to include relationships with business partners, entities in the value chain, and any other non-State or State entity directly linked to the business operations, products or services.²⁹ If a company or investor contributes to infringement via a business connection and they are unable to influence the cessation of such norm violations, the UNGP recommends that the enterprise considers ending the relationship.

In 2000, the UN launched the initiative **Global Compact**³⁰. This is a policy initiative for companies wishing to include the ten universally accepted principles of the Global Compact, including human rights and anti-corruption, in their strategies and operations. So far more than 8,000 companies and organisations from more than 130 countries are linked to the Global Compact.

The OECD Guidelines for Multinational Enterprises consist of government recommendations for multinational companies. The updated (2011) version of the guidelines incorporates the UNGP and, among other things, further emphasises companies' responsibility for conducting risk-based due diligence³¹ and responsible management of the supply chain. Additionally, the OECD and businesses, governments and civil society have developed due diligence guidance for responsible supply chains for minerals from conflict-affected and high-risk areas.

The guidance provides detailed recommendations to help companies to respect human rights and avoid

contributing to conflict through decision-making and practices related to the procurement of minerals. Several of the recommendations in the guidance are relevant to other supply chains in war or conflict zones.³² Through its membership in the OECD, Norway is obliged to have an appeals body, a so-called national contact point. From 01/03/2011, complaints to the OECD contact point in Norway are dealt with by an independent committee consisting of four people.³³

The UN-backed initiative **Principles for Responsible Investment (PRI)**³⁴ is a network of international investors. PRI consists of six principles for responsible investment, forming a voluntary framework for investors, including ESG assessments³⁵ in operations and corporate governance. The majority of fund managers and banks in Norway have subscribed to PRI.

Increased interest in socially responsible investments in the industry was reflected in the establishment of **NORSIF**³⁶ in 2013. NORSIF is an independent association for capital owners, managers, service providers and industry organisations with an interest in responsible and sustainable management, intended to promote knowledge of and contribute to the development of the responsible investments sector.

In Norway, there is also the **Ethical Trading Initiative Norway (IEH)**, a resource centre and promoter of ethical trade.³⁷ The purpose is to collaborate

on trade that promotes human rights, employee rights, development and the environment.

The IEH also emphasises that responsibility extends beyond the company's own direct operations and states the following on its website: "Being a member of the IEH means tackling the challenges within your own supply chain and openly reporting on the status and progress of work."

The majority of Norwegian companies that trade in goods from the occupied territories or with companies who have parts of their production in the territories are members of the IEH.³⁸ Most of the companies mentioned in this report also reference one or more of the international frameworks we have presented in their documents on social responsibility and ethics.

3.5 Corporate responsibility in connection with the occupied Palestinian territories

In June 2014, the UN “Working Group on the issue of human rights and transnational corporations and other business enterprises” issued a statement about the validity of UNGP in the context of Israeli settlements in the occupied territories. The statement concludes that UNGP also applies during a military occupation.

It also says that companies that operate in conflict zones have a special responsibility to carry out enhanced due diligence. The working group also notes that even if companies operate in line with Israeli legislation they still have a responsibility to respect human

rights ahead of national legislation. The statement encourages companies to consider discontinuing business relationships if the company does not succeed in reducing the risk of negative impact on human rights.³⁹

Other UN bodies have also warned against certain companies’ contributions to the violations of international law and human rights in the occupied Palestinian territories. The UN Special Rapporteur on the situation of the human rights in the Occupied Palestinian territories, Richard Falk, warned in a report to the UN Human Rights Council in October

2013 that financial institutions and property companies involved in the settlement industry could be held legally responsible.⁴⁰

In March 2012, an independent fact-finding mission wrote a report to the UN Human Rights Council on the consequences of the settlements for the Palestinian population in the West Bank. The mission wrote in the report that private companies have directly and indirectly enabled, facilitated and profited from the development and growth of settlements.⁴¹

3.6 Increasing economic and political pressure on the Israeli occupation

Financial links to companies contributing to the violations of international law and human rights in connection with the occupation of the Palestinian territories is increasingly linked to financial and reputational risk. This applies especially to companies that support the illegal settlements.

The EU and European governments, companies and investors have intervened to ensure that they do not support settlement activity in their collaboration and trade with Israel. The statements issued by 21 European countries discourage their business communities from financial relationships with the settlements (see Chapter 4.2). In 2013, the EU adopted

guidelines confirming that EU funds shall not go to parties registered in settlements or activities in settlements. Several European investors have excluded companies on the basis of their contribution to the violations of international law in Palestine.⁴²

In January 2014, the Dutch pension fund PGGM decided to exclude five Israeli banks due to their financing of settlement activities.

Both at home and internationally there is increasing campaigning due to specific companies that contribute to the violations of international law and human rights in the occupied Palestinian territories. Companies such

as SodaStream, Veolia and G4S have been subject to extensive international campaigns aimed at their contributions to the occupation. Companies that are the target of campaigns experience an increased risk of reputational damage and have also in several cases lost major contracts. Veolia, which was involved in the operation of a light railway in Jerusalem that links illegal settlements with the rest of the city, is said to have lost contracts with a value of several billion US dollars in recent years.⁴³

Veolia sold the parts of its business connected to the light railway in Jerusalem in 2015.

Campaigning against SodaStream and G4S

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid, together with other organisations, have collaborated on Norwegian campaigns aimed at the G4S security firm and SodaStream, a producer of home carbonation devices. The campaign has involved people across Norway and contributed to raising awareness about the companies' violations.

In October 2013, a national campaign week was organised against G4S' contribution to the violations of international law and human rights in Israel and the occupied Palestinian territories. The focus of the campaign was that G4S supplies security systems to Israeli prisons where Palestinian minors are subject to systematic abuse and where prisoners are held without trial. 18 organisations supported the campaign's demands for G4S to withdraw from the occupied territories and terminate its contract with the Israeli Prison Service. Until this happened, the campaign encouraged Norwegian customers to terminate their contracts with G4S. Long-term campaigning against G4S in Norway resulted in increased awareness of the company's contribution to the occupation and the company is said to have lost multiple contracts. On 31 October 2013 it was announced that NOKAS had acquired G4S Norway. The sale was authorised by the Norwegian Competition Authority in January 2014. The sale meant that G4S no longer operates in Norway, although a number of investors have investments in G4S.

In 2012, the Norwegian People's Aid Solidarity Youth started the campaign "La boblene briste, boikott SodaStream" ("Burst the bubbles, boycott SodaStream"). In September 2014, a national campaign week against SodaStream's links to the Israeli occupation was held. Meetings and demonstrations were organised across the entire country, as well as a concert with the Palestinian hip-hop group DAM in Oslo.

The campaign received broad coverage in both local and national media. 23 organisations supported the campaign's demand for the company to terminate its production in the occupied Palestinian territory and for Norwegian retailers to stop selling the products as long as the company kept its main factory in an illegal settlement.⁴⁴ In autumn 2014, a representative of the SodaStream company announced that the company intended to move production activities from the illegal settlement Mishor Adumim. The move was completed in December 2015 and meant that the campaign was a success.



Top: Demonstration against shop selling SodaStream products in Bergen, September 2014. (Photo: Håkon Benjaminsen)

Bottom: Stein Guldbrandsen from the Norwegian Union of Municipal and General Employees, Annicken Lundgård, former head of the Palestine Committee of Norway and Orrvar Dalby, former Head of International Development for Norwegian People's Aid, outside the G4S head office in Oslo. (Photo: Norwegian People's Aid)

It is an established international norm that companies and investors have a responsibility to respect international law and human rights within their own operations, in their own supply chains, their investments and financial relationships. Based on this, the Norwegian Union of Municipal and General Employees and Norwegian

People's Aid believe that Norwegian companies have a responsibility if they import goods from companies with production in Israeli settlements and industrial zones in the occupied Palestinian territories.

Similarly, we believe that companies have a responsibility if they trade with or invest

in companies that carry out production or other operations that contribute to the violations of international law or human rights in the occupied Palestinian territories and that they should therefore cease these business relationships.

4. STATES' DUTY TO UPHOLD INTERNATIONAL LAW AND PROTECT HUMAN RIGHTS

States have an obligation to protect human rights. This includes a duty to protect against violations committed by private companies. States shall also not do anything to support the result of illegal activity such as the Israeli settlements on occupied Palestinian land.





Palestinians queuing at the Beit Iba checkpoint in the West Bank, April 2006. (Photo: Kashfi Halford)

4. States' duty to uphold international law and protect human rights

States have an obligation to protect human rights. This includes a duty to protect against violations committed by private companies. States shall also not do anything to support the violations of international law, such as the Israeli settlement activities in occupied Palestinian land.⁴⁵ This is mentioned in resolution 465 from the UN Security Council, which encourages all states not to provide Israel with any form of assistance to be used in connection with the settlements.

According to the UN Guiding Principles for Business and Human Rights (UNGPR), governments must assist companies to identify, reduce and prevent human rights-related risks linked to the companies' business connections and operations. Norway has taken on additional responsibility by managing the work in the UN Human Rights Council to establish the guiding principles on business and human rights. Norway supports the work of John Ruggie, the UN Special Representative on Business and Human Rights, on guidelines for governments, business and civil society in this field.⁴⁶

In 2011 the UN published a report on the instruments that governments can use in their relationships with companies linked to war or conflict. The report describes a gradual approach of information and support, involvement and warnings. The report notes that when a company is unwilling to collaborate or improve its behaviour,

the government can withdraw government, diplomatic or financial support.⁴⁷

In this chapter we will take a closer look at some areas where we believe that there is a gap between responsibility and practice with regard to the government's obligation to uphold international law and protect human rights. Among other things, we investigate the extent to which government authorities uphold human rights in their procurement practices and the need for a recommendation from the Norwegian government discouraging financial relationships with Israeli settlements.

We also look at Norwegian organisations which finance settlements through the tax deduction scheme for donations to charitable organisations. The scheme allows for the exclusion of organisations that contribute to the violations of international law. We believe that the Norwegian government should make it illegal for Norwegian citizens and organisations to provide financial support to the settlements.

We also look at other areas that relate to the authorities. In Chapter 5 we look at the investments of both the Norwegian Government Pension Fund Global (SPU) and the four largest municipalities. We investigate the government guidelines and practices for imports and customs on settlement goods in Chapter 6. Our

recommendations to the Norwegian government have been summarised on pages 5-7.

National Action Plans for the follow-up on the UN Guiding Principles on Business and Human Rights

Since the UNGP principles (see above) were issued, the EU, European Council and UN Human Rights Council have encouraged their member states to develop national action plans to implement the guiding principles nationally. Norway's national action plan for business and human rights was launched in October 2015. So far, Denmark, Finland, Italy, Lithuania, the Netherlands, Spain and the United Kingdom have published their national action plans. A number of other countries have undertaken to create national action plans but have yet to complete them.⁴⁸

As part of the work on the action plan, the Norwegian Ministry of Foreign Affairs ordered a mapping and non-conformity analysis from the research institute Fafo. The report has been written by the researcher Mark Taylor and provides an overview of the government administration's follow-up on the UNGP. The report also notes a number of areas for improvement and lists risk factors for Norway linked to the infringement of human rights, including in the supply chain for public procurements, as well as infringements performed by government-owned corporations or corporations that receive various forms of government funding.

The national action plan states that the government will continue to work on actions to promote respect for international human rights in public sector contracts. We hope that this item and the other measures specified in the action plan will be followed up in practice.

4.1 Human rights in public procurement

Public procurements amount to 15 percent of Norway's gross national product. The authorities therefore have substantial buying power and, through their procurements, have the opportunity to contribute to greater demand for goods and services produced in line with ethical standards and companies that comply with their responsibilities under the UN Guiding Principles for Business and Human Rights.⁴⁹

There is a clear policy on the part of the government for ethical considerations to be taken in all public procurements. The initiatives linked to ethics in public procurement⁵⁰ have, in Norway and in Europe, focused on working and production conditions internally in the workplace and companies' carbon footprint. However, there has been limited focus on human rights considerations in public procurement.⁵¹ The government's responsibility to maintain respect for human rights is mentioned in UNGP principle no. 6. The principle sets out that states should promote respect for human rights by business enterprises with which they conduct commercial transactions.⁵²

The mapping made for the Norwegian Ministry of Foreign Affairs in connection with the work on a national action plan states that with very few exceptions, public procurement bodies do not exercise responsible management of supply chains with regard to human rights, i.e. by demanding that suppliers manage their international supply chains in such a way that violation of human rights can be prevented or the risk of violation is reduced.⁵³ Furthermore, the report states that correcting this will require the exclusion of companies that are unable to demonstrate that they have sufficient systems in place for due diligence or exclusion of companies responsible for documented infringement of human rights until such behaviour has been rectified.⁵⁴

Public sector clients have a right and obligation to reject suppliers in certain cases. The Norwegian Procurement Regulations state that suppliers can be rejected if they in their profession have become guilty of grave professional misconduct with regard to professional and ethical requirements for the industry concerned.⁵⁵

A proposal has been presented to the Norwegian Storting (parliament) to encourage public sector authorities to uphold human rights to a greater extent in procurement practices. On 7 January 2015, the Socialist Left Party (SV) presented a proposal to the Storting, asking the government to change the regulations on public procurements to include requirements for upholding basic working and human rights in public procurements.⁵⁶

On 28 April 2015, the proposal was backed by a unanimous Storting. The proposal asked the Storting to change the regulations on public procurements to include requirements for upholding basic working and human rights in public procurements.⁵⁷

The Ethical Trading Initiative Norway (IEH) is also committed to this topic. In a consultation response in 2014, NOU 2014:4, IEH wrote that the procurement regulations must be designed in a way that ensures to a greater extent that parties that do not respect basic human rights and environmental standards are unable to participate in and win public tenders.

With very few exceptions, public procurement bodies do not exercise responsible management of supply chains with regard to human rights.

The IEH notes that the principle of equality is violated when a supplier that does not respect basic human rights and damages the environment is able to compete for public tenders on a par with reputable suppliers.⁵⁸

If public procurers trade with companies that carry out production in settlements or have other ties to the occupation of the Palestinian territories, the public sector risks contributing to the support of violations of international

law and human rights. The government must ensure that public entities such as schools and universities can follow their own ethical guidelines and that public procurement practice upholds consideration for human rights.

Universities opt out of using G4S: Two examples

The security firm G4S has been the target of extensive campaigning due to the supply of security systems and services to illegal settlements and Israeli prisons where the extensive abuse of Palestinian prisoners has been documented. Please refer to the box on page 60 for further information.

In January 2013, the University of Oslo terminated its contract with G4S and announced a new round of tendering for security services. In June 2013, the university chose to exclude G4S from the tender. The university justified its decision by the company's failure to fulfil the qualification requirement for suppliers to comply with standards applicable to the industry, conventions adopted by the International Labour Organisation (ILO) and international human rights conventions.⁵⁹ The decision came following protests by the Student Parliament at the university, NTL UiO and the local chapter of the Palestine Committee of Norway at Blindern against G4S' supply of security services to the university.

G4S appealed the decision to the Norwegian Complaints Board for Public Procurement (KOFA). KOFA assessments are not legally binding but their interpretations of public procurement regulations are influential. In October 2013, KOFA decided that the University of Oslo was not entitled to reject Norwegian G4S from the tender for security services. KOFA's argument was that there are no other links between the Norwegian G4S and the Israeli G4S than through corporate law, and that it cannot be argued that the specified activities, undertaken by G4S's subsidiary in the West Bank have any direct relevance on the company's ability to fulfil contractual obligations under the procurement concerning security services at the University of Oslo.⁶⁰

The University of Oslo criticised the KOFA decision. In a press release on 24/10/2013, the university said that it accepted the decision but disagreed with the reasoning. The Rector, Ole Petter Ottersen, said: The University of Oslo criticised the fact that multinational companies can operate with associated companies legally independent of each other. He said further that he believed multinational companies should be held responsible for their activities.⁶¹

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid also criticised the decision by KOFA and said that the University of Oslo should be entitled to ensure that it does not support the violation of human rights through its procurement and be allowed to comply with its own ethical guidelines.⁶² In a press release on 29/10/2013, the Ethical Trading Initiative Norway wrote that KOFA's decision raised the question as to whether it is fine to structure an enterprise in such a way that accountability is avoided.⁶³

The University of Bergen (UiB) selected a different security supplier to G4S but took a different approach to the University of Oslo. UiB did not exclude G4S from the tender but chose to apply an additional cost to the G4S tender in the form of reputational damage totalling NOK 2.5 million, which UiB believed represented the cost to its reputation if G4S was chosen as their security provider. This additional cost meant the G4S offer became more expensive than NOKAS, which won the tender in November 2013. The UiB Board justified its decision by explaining that the University of Bergen wished to avoid trading with suppliers whose activities carried a high risk of contributing to serious infringement of individuals' rights in war and conflict.

Shortly after the UiB decision, it became known that NOKAS was about to acquire G4S Norway. It was therefore not relevant for G4S Norway or NOKAS to appeal the UiB decision to KOFA.

Recommendations

- i. The public sector should ensure that supply chains do not include companies that have operations in settlements, support illegal settlement activity or contribute to other violations of international law and human rights in the occupied Palestinian territories.
- ii. Public procurers must respect human rights in all procurement procedures.

Palestinian farmers being expelled from their land in Susia in the South Hebron Hills, June 2013. A fierce struggle is still ongoing between Israel and the village with regard to land ownership. (Photo: Tal King)



4.2 Recommendation discouraging financial relationships with Israeli settlements

According to the UNGP, governments have a responsibility to assist companies to identify, reduce and prevent human rights-related risks linked to the companies' relationships and operations.

In March 2014, the UN Human Rights Council adopted a resolution that encourages all states to inform individuals and companies of the financial, reputational and legal risks associated with involvement in activities relating to the settlements and the possibility of infringing upon the rights of individuals. The resolution mentions economic and financial activities as well as service deliveries to settlements and the acquisition of property as examples of such activities.⁶⁴

Norway has failed to follow up on its responsibilities under the resolution. With regard to corporate social responsibility and the Israeli occupation, only the following wording is available on the website of the Norwegian embassy in Tel Aviv:

"For Norwegian businesses which are interested in carrying out financial activities or importing goods from Israel, it may be relevant for the companies to consider their social responsibility in light of the special political conditions in the country. The Embassy can be contacted for further information or discussion relating to such issues."⁶⁵

Since 2012, the Norwegian Union for Municipal and General Employees has worked towards the Norwegian

government publishing a recommendation for Norwegian businesses discouraging financial relationships with Israeli settlements. The many cases of Norwegian links to settlements that we have identified and our discussions with a number of Norwegian companies have shown the need for such a recommendation from the government.

In June 2015, the Minister of Foreign Affairs, Børge Brende, was asked by the MP Truls Wickholm whether the Norwegian government would issue such a recommendation. The Minister of Foreign Affairs responded that Norway considers the settlements to be in violations of international law and that

"For Norway this means both an obligation not to initiate supportive measures and to counteract activities that support the illegal settlements."

Brende's response concluded as follows:

"Whether it is also appropriate to prepare a written recommendation for Norwegian businesses to discourage financial relationships with the illegal Israeli settlements is subject to consideration."⁶⁶

European countries warn against financial collaboration with settlements

Many European countries have acted more quickly than Norway and are now warning their businesses about the legal, reputational and financial risks linked to financial ties to the settlements. At the time of writing, such

warnings have been issued by the United Kingdom, Sweden, Denmark, the Netherlands, Germany, Spain, Italy, France, Ireland, Portugal, Austria, Malta, Luxembourg, Slovenia, Greece, Slovakia, Croatia, Belgium, Latvia, the Czech Republic and Finland.

The Norwegian government's recommendation to businesses concerning Western Sahara

Western Sahara is not an autonomous territory. In practice, Morocco retains control of the majority of the territory, but this is not recognised by the international community. Because Norway does not recognise Morocco's annexation of the territory, the Ministry of Foreign Affairs discourages all financial relationships with Western Sahara. The Ministry of Foreign Affairs website states "Norway considers it important to refrain from actions that could be seen as legitimising the situation in Western Sahara. To prevent trade, investment, resource exploitation and other forms of business operations that do not comply with the best interests of the local population and accordingly could violate international law, the Norwegian government discourages such activities."

Warnings from European countries

The Dutch government discourages companies from investing in or developing activities for or in settlements. This includes activities that contribute to or facilitate the development and maintenance of settlements.

"For the sake of clarity we would like to make you aware of the government's standing policy to discourage Dutch companies from investing in or becoming involved in other activities in or on behalf of Israeli settlements. This applies to activities that contribute to or facilitate the development and maintenance of settlements."⁶⁸

The Danish government discourages private and public Danish businesses and institutions from carrying out activities in and with Israeli settlements, as any activity involves a risk of contributing to upholding or legitimising the illegal

settlements.⁶⁹ The British government warns that financial transactions, investments, trade and other financial activities (including tourism) which could benefit the Israeli settlements carry legal and financial risks since the settlements have been developed on occupied land and have not been recognised as legitimate parts of the Israeli territory.⁷⁰

Recommendation

- i. **The Norwegian government must prepare written recommendations for Norwegian businesses to discourage financial relationships that support illegal settlement and other violations of international law and human rights in the occupied Palestinian territories. Such recommendations should include warnings about the financial, legal and reputational risks associated with such collaborations.**

4.3 Financing of settlements and the tax deduction scheme for donations to charitable organisations

The Norwegian government has a clear policy that the settlements constitute violations of international law and undermine the possibility of a peaceful resolution between Israelis and Palestinians. Nevertheless, there are organisations and individuals in Norway collecting funds that go directly to the expansion of the illegal settlements in the occupied territories.

The Karmel Institute has been under public scrutiny for its collection of money to support Israeli settlements in occupied Palestinian territories.⁷¹ In February 2014, the Norwegian newspaper *Vårt Land* wrote that John Skåland, Head of the Karmel Institute had handed over NOK 500,000 to a new school in the Alonei Shilo settlement in the West Bank.

According to the article, the institute had already built nearly 25 casernes, three permanent houses, three study halls, a substantial part of the "town hall" in the settlement as well as gifting NOK 600,000 to Alonei Shilo for infrastructure.

Vårt Land also writes: "... the same month a caserne was erected in the Dotan Valley in the West Bank. The money was given by friends of Karmel and this is the first caserne in the Valley that has been financed through Norwegian gifts. NOK 150,000 was also handed over as a cash gift."⁷²

Until September 2012, those making cash gifts to the Karmel Institute benefited from tax deductions. In September 2012, the Norwegian Ministry of Finance announced that the Karmel Institute would be excluded from the tax deduction scheme for donations to

charitable organisations. This exclusion was possible as a result of the government introducing an exclusion mechanism in October 2011 with the aim of ensuring that cash gifts to organisations that contribute to the violations of international law no longer qualify for tax deductions.

In a press release from the Norwegian Ministry of Finance on 20/09/2012, Secretary of State Roger Schjerva said: "We want to prevent the tax deduction scheme for donations to charitable organisations. from being of benefit to organisations that actively support or contribute to actions that violate international law. We therefore implemented the exclusion mechanism. Due to new information about the Karmel Institute's support in 2012, the Ministry considers there to be grounds to exclude the foundation from the tax deduction scheme."⁷³

In *Vårt Land* on 30/11/2013, Progress Party MP Jørund Rytman criticised the exclusion of the Karmel Institute from the tax deduction scheme for donations to charitable organisations. Secretary of State to the Ministry of Finance, Jørgen Næsje, said, with regard to the same issue, that the government would look at the guidelines concerned.⁷⁴

Socialist Left Party MP Snorre Valen followed up on the matter with a question to Minister of Finance, Siv Jensen, during the Parliamentary Question Time:

"Would the Minister support a change to the tax legislation to open up the possibility of indirect government subsidies of organisations that contribute

to actions that violate international law?"⁷⁵

The Minister of Finance responded that she was generally positive to the intention of the exclusion mechanisms but with regard to ensuring compliance with international law she said: "It should not be up to the discretion of the sitting government to enforce the provision. I therefore believe we need to take a closer look at the criteria and guidelines that form the basis for the exclusion rule. I intend to do so in consultation with the Minister of Foreign Affairs."

In February 2014, the Norwegian Union of Municipal and General Employees and Norwegian People's Aid sent a letter to the Minister of Finance Siv Jensen and the Minister of Foreign Affairs Børge Brende with a recommendation for a review of the guidelines in the exclusion mechanism based on Norway's obligations under international law.

In the letter we also encouraged the Minister of Finance and Minister of Foreign Affairs to review all organisations included in the tax deduction scheme to ensure that none of them actively support or contribute to actions that violate international law. In her answer in April 2014, the Minister of Finance expressed thanks for the input and stated that she would take it into consideration in the evaluation she would carry out in consultation with the Minister of Foreign Affairs.

We believe that the Norwegian government should ensure that organisations in the tax deduction operate in line with international law and human rights.



Plaque on a residential caserne in the Alonei Shilo settlement showing that it has been built with money from Norwegians.

Recommendations

- i. The Norwegian government should introduce legislation to make it illegal for Norwegian citizens and organisations to provide financial support to the Israeli settlements.
- ii. Until such legislation is in place, the Norwegian government must ensure that organisations that provide financial support to settlements are removed from the list of organisations covered by the tax deduction scheme for gifts to non-profit organisations and that any new parties of such a nature are not added to this list.

5. INVESTMENTS

The Norwegian Government Pension Fund Global (SPU) , private Norwegian banks, fund managers and Norwegian municipalities have investments in a number of companies that the Norwegian Union of Municipal and General Employees and Norwegian People’s Aid consider to seriously contribute to the occupation of the Palestinian territories.





אלי בראשי
ובנין
התנועה הירוקה

CAT

Activists demonstrating against the construction of the wall near the village of Ni'ilin in the West Bank by creating a barricade in front of Caterpillar bulldozers, June 2008. (Photo: Active Stills)

5. Investments

Investors have a responsibility to ensure that the companies in which they invest respect international law and human rights and comply with the UN Guiding Principles on Business and Human Rights (UNGPR). This also applies to minority shareholders, i.e. investors with a minority shareholding in a company.

5.1 The Norwegian Government Pension Fund Global (SPU)

The combined savings of the Norwegian population are invested in companies across the world via the Government Pension Fund Global (SPU). Several of these companies contribute to the Israeli occupation and specific violations in the occupied Palestinian territories in different ways. So far, four companies have been excluded from SPU due to having built settlements and due to deliveries to the wall in the West Bank. Below, we demonstrate that there are a number of other Israeli and international companies in which it should be unacceptable for SPU to invest.

SPU is considered the world's largest Norwegian Government Pension Fund Global and the fund is expected to continue to grow in coming years. SPU is a government-owned fund and the operational management is carried out by Norges Bank Investment Management (NBIM) within a mandate set down by the Norwegian Ministry of Finance. According to Report to the Parliament (Storting) 19 (2013–2014), the purpose of SPU is to support government saving for the financing of the national insurance pension expenses and to support long-term considerations for the use of the government's petroleum income.⁷⁷

In 2015, NBIM published a report on responsible investment for the first time. Among other things, this report states that as a long-term financial investor, NBIM benefits from companies' healthy and sustainable development in the markets they have invested in.⁷⁸

As of 31/12/2014, SPU owns shares in 9,134 companies across the world, as well as bonds issued by governments and companies. As of 16/04/2015, the fund had a market value of NOK 6,955 billion. On average, the fund owns 1.3 percent of all listed shares globally.⁷⁹

In many companies, ownership is split among a vast number of individual owners, which may mean that stakes as small as one percent could make SPU among one of the largest individual owners.⁸⁰

5.1.1 Ethical guidelines, corporate governance and exclusion of companies

The mandates for the management of SPU define a set of different instruments to ensure responsible investment and consideration of societal and ethical conditions.

Corporate governance refers to Norges Bank's work to influence companies that Norges Bank owns and wishes to continue owning shares in. Work on corporate governance is based on a set of expectation documents linked to corporate management, children's rights, climate change and water management. NBIM follows up on the companies through direct dialogue, voting and dialogue with other investments.

Negative filtration is an instrument that will ensure that SPU does not invest in companies that carry out the production of certain types of goods that are considered unethical. Currently, this applies to companies that produce weapons that, through ordinary use, would violate basic humanitarian principles and companies that produce tobacco.⁸¹

Withdrawal means that the SPU will sell its shares in a company due to the company's activities violating a set of guidelines adopted by the Storting.

Observation has been implemented as an instrument when there are doubts as to whether the criteria for exclusion have been met, about developments over time

or when it is appropriate for other reasons.⁸²

The work to evaluate the companies' operations in relation to the last three instruments is conducted by the Council on Ethics for the Norwegian Government Pension Fund Global (SPU) and has been defined in separate guidelines.⁸³ The guidelines state:

"Companies may be put under observation or be excluded if there is an unacceptable risk that the company contributes to or is responsible for:

- 1) serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour and the worst forms of child labour
- 2) serious violations of the rights of individuals in situations of war or conflict
- 3) severe environmental damage
- 4) acts or omissions that on an aggregate company level lead to unacceptable greenhouse gas emissions
- 5) gross corruption
- 6) other particularly serious violations of fundamental ethical norms."⁸⁴

The Council on Ethics is an independent committee that makes recommendations to NBIM concerning the exclusion of companies from the fund or observation of companies, based on actions by the company that contravene the criteria set down in the ethical guidelines. Prior to 01/01/2015, the Council on Ethics made recommendations to the Norwegian Ministry of Finance, which would make the final decision relating to withdrawal or observation. The committee was initially established at a cabinet meeting in November 2004. The Council on

Ethics has five members and a separate secretariat of eight persons.⁸⁵

5.1.2 The Council on Ethics's assessment of companies and the occupation

Since 2006, the Council on Ethics has published a number of assessments of companies with operations linked to the Israeli occupation of the West Bank and Gaza Strip. The Council on Ethics has recommended the exclusion of four companies: Elbit, Africa Israel, Danya Cebus and Shikun & Binui. The recommendations from the Council on Ethics were followed and SPU sold out of the companies and excluded them from the investment portfolio:

- In September 2009, the exclusion of the Israeli company Elbit Systems Ltd from SPU was announced. Elbit is a major company within military technology. The company is one of two main suppliers of electronic monitoring solutions for the wall and electronic fences in the "seam zone". Elbit also supplies drones to the Israeli military used for monitoring and warfare in the Gaza Strip. The Council on Ethics justified its conclusion through Elbit supplying custom-designed monitoring equipment as an integral part of the wall built by Israel in the West Bank and that this must be considered especially severe violation of basic ethical standards.⁸⁶
- In August 2010, the Israeli company Africa Israel Investments Ltd. and the subsidiary Danya Cebus

Ltd. were excluded from SPU. The recommendation for exclusion was issued by the Council on Ethics in September 2009. Danya-Cebus is the Africa Israel Group's subsidiary for construction work and is behind numerous residential projects in the occupied West Bank. As a contractor, the company has constructed the Green Park project in the Modi'in Illit project in the West Bank. It has constructed a residential property project in the Ma'ale Adumim settlement, projects on behalf of the developer Heftziba in the Har Homa, Ma'ale Adumim and Adam settlements and was hired to complete some residential projects after Heftziba went bankrupt. The company also won a contract worth 78 million Israeli shekel (NIS) for the construction of the C Jerusalem project in the Gilo settlement area in East Jerusalem in 2011.

The Council on Ethics justified its recommendation for exclusion by the fact that Africa Israel and Danya Cebus' operations are directly linked to the development of Israeli settlements in the West Bank. In its recommendation the Council on Ethics states that the council considers that the fund's investment in the company constitutes an unacceptable risk of future contributions to serious infringement of individual rights in war or conflict situations and that the investment therefore contravenes the ethical guidelines of the fund⁸⁷.

In August 2013, the Norwegian Ministry of Finance published its decision to remove Africa Israel and Danya Cebus from the SPU exclusion list based on a recommendation from the Council on Ethics.⁸⁸ The basis for the decision was that the Council on Ethics had received guarantees from the company that it was no longer involved in activities in the illegal settlements. However, it turned out that the decision had been made on an incorrect basis and the company continued to be involved in a construction project in the Gilo settlement in East Jerusalem. The Norwegian Union of Municipal and General Employees and Norwegian People's Aid sent a letter to the Council on Ethics documenting the company's activities in Gilo and encouraged the recommendation of excluding the companies from the SPU investment portfolio once more. The companies were excluded from SPU again in January 2014.⁸⁹

- In June 2012, the Norwegian Ministry of Finance excluded Shikun & Binui Ltd from SPU by recommendation from the Council on Ethics. At the time, the construction company was involved in the construction of settlements in East Jerusalem that contravened international law and had also previously been involved in the construction of settlements in the West Bank and East Jerusalem. In its recommendation the Council on Ethics stated that the company's operations involve an unacceptable risk of it contributing to serious

infringements of individual rights in war or conflict situations.⁹⁰

The Council on Ethics has referenced the statement by the UN International Court of Justice in The Hague in 2004 in its recommendations. It states that the Israeli development of settlements and the wall contravene international law and that companies that directly contribute to the State of Israel's norm violations can be held responsible for such contributions.

Nevertheless, the Council on Ethics has maintained a very restrictive line with regard to what is considered direct contribution to a norm violation on the part of companies. In its argument for the recommendation of the exclusion of Africa Israel and Danya Cebus, the Council on Ethics stated that several companies in the fund portfolio could probably be said to support the settlements in various ways and to varying extents: In addition to the actual development of settlements and their infrastructure, this may include companies supplying electricity and telecommunication services to settlements, selling groceries and fuel, or carrying out industrial operations or property brokerage in settlements. The fund portfolio may also include companies that supply various construction materials and other input factors used for the development of settlements and their infrastructure.

Nevertheless, the Council on Ethics does not consider all financial activity linked to the settlement to constitute unacceptable contribution to the

violation of the fund's ethical guidelines and finds that a severity consideration of the companies' contributions must therefore form the basis for the committee's considerations. The Council on Ethics considers construction activities in connection with the development of the settlements to be the most substantial contribution to the continued development of the settlements in the West Bank.⁹¹

The Council on Ethics has also spoken out about companies such as Caterpillar and Israel Electric Corporation (IEC). Caterpillar's sale of bulldozers used by Israel to demolish Palestinian homes has not been considered a norm violation as the product can be used for both good and bad purposes. The Council on Ethics considers the responsibility to lie with the user of the product.⁹²

Israel Electric Corporation's interruption to the electricity supply to the Gaza Strip in 2008 has been considered problematic by the Council on Ethics under the ethical guidelines for SPU but the council decided against recommending withdrawal as it considered the power cut to be short-term and not ongoing.⁹³ The Council on Ethics also found that the IEC's supply of electricity to the settlements does not contravene the SPU guidelines.⁹⁴

5.1.3 The SPU portfolio, Israeli occupation and companies that violate the SPU guidelines

Of the more than 9,000 companies in which SPU currently owns shares as of 31/12/2014, we have identified 41

Overall, SPU owns shares amounting to NOK 64.1 billion in companies that, in different ways, contribute to the violations of international law and human rights in the occupied Palestinian territories.

companies that contribute to norm violations in the occupied Palestinian territories. These companies can be found by comparing the SPU investment portfolio against the Israeli organisation Who Profits' list of companies involved in the occupation.

The companies are from Israel (18), Belgium (1), France (3), Japan (2), Mexico (1), the Netherlands (2), the United Kingdom (2), Switzerland (1), Sweden (1), South Korea (1), Germany (2) and the USA (7). Overall, SPU owns shares amounting to NOK 64.1 billion in companies that, in different ways, contribute to the violations of international law and human rights in the occupied Palestinian territories.

SPU's extensive investments in companies that contribute to and profit from the Israeli occupation show that Norway also contributes to the occupation via its pension fund. A complete list of these companies and a description of their operations can be found in the Annex at the end of the report.

We believe that more companies than those excluded by SPU so far are involved in *serious violations of the rights of individuals in situations of war or conflict or other particularly serious violations of fundamental ethical norms*. In the report we highlight 13 companies that we believe to be involved in the occupation in a way that qualifies for violation of SPU guidelines.⁹⁵ These 13 companies have been selected based on an overall assessment in which we have looked at the severity of the violation with which the company is involved, the

directness of the company's involvement and whether the norm violation is ongoing.

This includes companies involved in the following activities: Development of key infrastructure (Caterpillar) for settlements in the occupied Palestinian territories (Alstom), supply of key input factors for construction of settlements or the wall (Cemex) and machinery for the destruction of Palestinian homes and infrastructure, extraction of non-renewable natural resources in the occupied territories (Heidelberg Cement), development and supply of technology and systems for the Israeli military control and restriction of freedom of movement (Hewlett-Packard and Motorola), settlement financing (Bank Leumi, Hani Hapoalim, Dexia Group, First International Bank of Israel, Israel Discount Bank and Mizrahi Tefahot Bank) and through the supply of equipment and security services to settlements, prisons and military installations in the occupied territories (G4S).

In addition to the activities listed above, we also believe that other forms of company presence in the occupied territories contribute to the occupation. This could, for example, apply to production or office premises in industrial zones, branches in settlements or the supply of civil services to settlements. Such activities strengthen the nature of the occupation as permanent and support the existence of the settlement, financially and practically.

Below you can find a more detailed assessment of the 13 companies:

Heidelberg Cement is directly involved in the extraction of non-renewable natural resources in the occupied West Bank. See also facts and assessments on page 49. This is a company with clear parallels to circumstances that the Council on Ethics has considered part of the exclusion basis in other cases, such as the exclusion of companies trading in phosphate extracted in Western Sahara.⁹⁶

Cemex has supplied construction materials to illegal settlements and there is a high risk of the company continuing to do so. Cemex also has four factories in Israeli settlements.

Hewlett-Packard is directly involved in the occupation through the supply of a customised system for biometric access control installed by Israel in military checkpoints in the occupied West Bank. This corresponds to the basis on which Elbit was excluded from SPU in 2010. See also facts and assessments on the company in a box on page 50.

Motorola Solutions owns Motorola Solutions Israel, which supplies virtual fencing to Israeli settlements. The system is also used in the wall in the West Bank, in the wall around Gaza and in military bases. This also has clear similarities to the basis on which Elbit was excluded from SPU in 2010. See also facts and assessments on the company in a box on page 51.

Alstom is a direct contributor to the Israeli annexation of East Jerusalem and the establishment of settlements there in violation of international law. The company is a key player in the

In this report we highlight 13 companies that we believe to be involved in the occupation in a manner that qualifies as violation of the SPU's ethical guidelines.

construction and operation of the light railway in Jerusalem, which integrates the settlements in East Jerusalem with the rest of the city. See also facts and assessments on the company in a box on page 57.

G4S is involved in a number of circumstances that contribute to the occupation and specific human rights violations against Palestinians by the occupying power. G4S supplies technological equipment to military checkpoints in the occupied West Bank as well as services and security systems to Israeli prisons that operate in contravention of international law and where violations against Palestinian prisoners are carried out. See also facts and assessments on the company in a box on page 60.

Caterpillar has supplied bulldozers to the Israeli army for a number of years, bulldozers used to destroy Palestinian homes. See also facts and assessments on the company in a box on page 59.

Bank Hapoalim, Bank Leumi, Dexia Group, First International Bank of Israel, Israel Discount Bank and Mizrahi Tefahot Bank are all involved in the financing of settlement activities that violate international law. See also facts and assessments on the companies in a box on page 91.

One of the mentioned companies, Caterpillar, has been assessed by the Council on Ethics before, as stated. Nevertheless, we believe that the Council on Ethics uses too restrictive a line with regard to what constitutes substantial

contributions to norm violations. With regard to companies that supply goods used for norm violations, such as bulldozers and cement, we believe that there are no grounds for relieving the seller of the goods of full responsibility when the misuse of the goods (such as the use of bulldozers to destroy homes) is known to the seller over time and the seller continues to supply the goods.

Nearly all of these companies have been confronted about their contribution to the occupation through mentions in media, public campaigns or reports of concern from investors. As shown by the detailed description of each company, only a small percentage of the companies have ever said that they wish to discontinue any of the issues raised.

Certain companies have also sold out of certain problematic activities. However, we consider them to still be responsible for serious norm violations that contravene the ethical guidelines for SPU.

We also believe that there is generally no reason to believe that continued dialogue with these companies will result in the discontinuation of norm-violating activities.

Our primary recommendation is therefore that the Council on Ethics should recommend withdrawal for these companies. In cases where the Council on Ethics does not make a recommendation to withdraw, we believe that Norges Bank must address the circumstances with the company as part of its corporate governance with the aim

of the company discontinuing the part of the operations that contribute to the Israeli occupation.

Two of the companies that were mentioned in the Norwegian version of the report, Cemex and Cement Roadstone Holdings (CRH), have changed their activities in the occupied territories. CRH has sold its stake in Neshor and Cemex no longer owns the Yatir quarry in the West Bank.

Heidelberg Cement

The German company Heidelberg Cement is the world's largest cement producer and has been owned by the Israeli company Hanson since 2007. Hanson produces cement, gravel and asphalt. Part of this production is carried out in the occupied territories through the extraction of natural resources from quarries in the occupied West Bank. Hanson has cement factories in Modi'in Illit and Atarot and, to the south of Elqana, the company also has an asphalt plant and the Nahal Raba gravel pit.⁹⁷

In September 2010, the German news programme Panorama documented that private Palestinian land was confiscated from the Az-Zawiya village as a result of the establishment of the quarry now run by Heidelberg Cement in the occupied territories.⁹⁸

International law prohibits an occupying power from extracting natural resources from occupied territories unless it is a military necessity or for the purpose of looking after the best interests of the occupied local population. Article 55 of The Hague Convention of 1907 states the following with regard to quarrying: "(...) forbids 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."

The gravel pits that are operated under Israeli control in the occupied territories, including by Hanson, were all established after the occupation in 1967 and are intended to be, and in practice are, part of the occupying power's economy. The total extraction from Israeli-operated gravel pits in the West Bank amounts to around 12 million tonnes of stone and gravel each year. Of this, approximately nine million tonnes are transported to Israel. The around three million tonnes sold to the "local market" includes sales to the illegal settlements in the West Bank.¹⁰⁰ Videos documenting the transport of stone and gravel from Hanson's stone quarry in the West Bank and into Israel can be found on the internet.¹⁰¹

In 2009, the Israeli human rights organisation Yesh Din filed a case with the Israeli High Court.¹⁰² Yesh Din demanded that it became officially illegal to extract natural resources from the occupied territories. On 26 December 2011, the Israeli High Court rejected Yesh Din's case against the Israeli government on the grounds that the High Court was unable to make judgements on political matters.¹⁰³

Heidelberg Cement and Hanson profit from the extraction of non-renewable resources from the occupied Palestinian territories. The company is directly involved through the operation of a gravel pit, an activity that deprives the occupied population of future resources. This goes against the principles of international law when it comes to the extraction of natural resources. The Council on Ethics for the Norwegian Government Pension Fund Global (SPU) has previously said that international law aims to make it illegal for an occupying power to benefit financially from the extraction of natural resources from an occupied territories.¹⁰⁴

www.heidelbergcement.com
www.hanson-israel.com



Signpost to the Nahal Raba production plant for asphalt at Cross Shomron Highway, November 2008. (Photo: Who Profits)

Hewlett-Packard (HP)

Hewlett-Packard owns EDS Israel, which merged with HP in 2009 under the name HP Enterprise Services. EDS Israel delivered the Basel system (development, installation, maintenance and ongoing support in the field) to the Israeli Ministry of Defence. Basel is an automated biometric system for access control installed at major military checkpoints. In January 2015, the Israeli Ministry of Defence confirmed to Who Profits that the Basel system has been installed at another 14 checkpoints in the West Bank.¹⁰⁵ The Ministry of Defence has also announced that HP's contract with the Ministry to staff, operate and maintain the Basel system until 31 December 2012 has been extended until the end of 2015.¹⁰⁶

HP is therefore directly responsible for the supply and operation of a customised system used to control Palestinian movement in the occupied territories. Many of these military checkpoints are situated far into the West Bank. They separate Palestinian territories from other Palestinian territories and constitute major obstacles to the movement of the Palestinian population, which is a violation of human rights. In many places, the checkpoints have become an integral part of the wall built by Israel in the West Bank, which the International Court of Justice in The Hague has found to violate international law.

Around Jerusalem, the system is a crucial part of Israel's policy to keep Palestinians out of the city, as Palestinians with ID cards issued from the West Bank are not permitted to travel into Jerusalem. This segregation violates international law. Israel's occupation of the West Bank, including East Jerusalem in 1967 and later the unilateral annexation of East Jerusalem, has not been recognised by the international community.

Several other circumstances also link HP to the occupation. In 2008, HP signed a contract with the Israeli Ministry of Interior for the production of biometric ID cards for Israeli residents, including Palestinians with Israeli citizenship and Palestinians with "residency" in occupied East Jerusalem. HP has also supplied services and technology to the Israeli army. The company is also responsible for the administration of the IT system for the Israeli navy, which has been responsible for upholding the sea blockade of the Gaza Strip since 2007. The IT system supplied by HP to the Israeli navy has been used by the Israeli army in a pilot project to determine whether it will implement the same system across the entire Israeli armed forces. This has been referred to as a "virtualisation project". HP was awarded the contract for this project in 2009. The same year, HP was awarded yet another contract for the supply of all computer equipment to the Israeli army.

Hewlett-Packard is also part of the "Smart City" project in the Ariel settlement. The project provides a storage system for the settlement administration. The Israeli government decided that the Ariel settlement would be the pilot settlement for the project. Since 2008, HP has also operated a development centre in the Beithar Illit settlement, employing ultra-orthodox women. The company Matrix and its subsidiary Tact Testware, which supplies technological services to HP, is situated in the Modi'in Illit settlement. HP also supplies services and technology to Israeli prisons. The company has a contract until 2016 worth tens of millions of NIS with Israel Prison Service (IPS) for the supply of printers and maintenance of HP systems and central servers.

www.hp.com



The Basel project in use at the Ephraim Gate checkpoint, May 2010. (Photo: Machsom Watch)

Motorola Solutions

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

In 2005, Motorola Solutions Israel was awarded a contract by the Israeli Ministry of Defence for the supply of virtual fencing to Israeli settlements. This system is called MotoEagle Surveillance. It comprises radars and cameras used to identify human movement outside of settlements and is based on radars supplied by ICx Radar Systems.

According to Who Profits, the system has now been installed in around 25 settlements. In some cases the radar stations have been erected on private Palestinian land and prevent Palestinian movement near Israeli settlements. The system is also used in the wall in the West Bank, in the wall around the Gaza Strip and in military bases. The company supplies the maintenance for the systems and continues to offer the system for use in Israeli developments in the occupied territories.

Motorola Solutions Israel has also developed and acquired the Mountain Rose communication system for the Israeli army, a customised mobile system for use in the field. It is used by Israeli soldiers in the occupied West Bank and, for example, in military attacks in the Gaza Strip.

In January 2014, the Israeli Ministry of Defence signed a 15-year contract with Motorola Solutions to equip the Israeli military and other security forces with encrypted smartphones. The Motorola telephones will offer encrypted calls and e-mail, and the option to send and receive digital signals and navigation possibilities. It will replace the "Mountain Rose" mobile system which will remain in use until 2018.

The company has also equipped the Israeli police with the Astro25 communication system. The special patrol unit in the Israeli police force uses this system during operations in the occupied Palestinian territories.¹⁰⁷

Motorola contributes customised systems as an integral part of the illegal settlements and wall in the occupied West Bank. The Norwegian Union of Municipal and General Employees and Norwegian People's Aid believe that the company must be held accountable for its contribution to the violations of international law, just as the company Elbit has previously been held accountable for similar norm violations.

www.motorola.com



Motorola radar system at the Otniel settlement, May 2011. (Photo: Who Profits)

5.1.4 SPU investments in Israeli government bonds

Government bonds are loans to a state without conditions as to what the money must be used for. In 2014, government bonds amounted to around 20 percent of the overall SPU portfolio.¹⁰⁸

Government bonds are not subject to the SPU's ethical guidelines. On 01/10/2010, new rules were introduced that SPU must not invest in government bonds from countries against which UN sanctions or other extensive international interventions are in place. In 2014, Myanmar was removed from the list of countries from which SPU could not buy government bonds, while North Korea, Iran and Syria were added to the list.¹⁰⁹

The UN General Assembly and Security Council have repeatedly adopted resolutions that condemn the Israeli violations of international law and human rights in connection with

the occupation of the Palestinian territories.¹¹⁰ UN Security Council resolution 242, adopted after the Six-Day War in 1967, concludes that Israel must withdraw from the occupied Palestinian territories. However, the UN has not implemented any sanctions against Israel.

The weak ethical framework for investments in government bonds means that Norway is investing in government bonds from countries that carry out serious violations of human rights and international law, such as Israel.

From 2011 to 2014, NBIM's investments in Israeli government bonds have increased substantially. In 2011, these investments amounted to 199 million Norwegian kroner. The investments increased to 4.6 billion Norwegian kroner in 2012.

Since then, SPU investments in Israeli government bonds have increased yearly, to 6.5 billion Norwegian kroner

in 2013 and 8 billion Norwegian kroner at the end of 2014. From 2011 to 2014, SPU's investments in Israeli government bonds have therefore increased 40-fold.

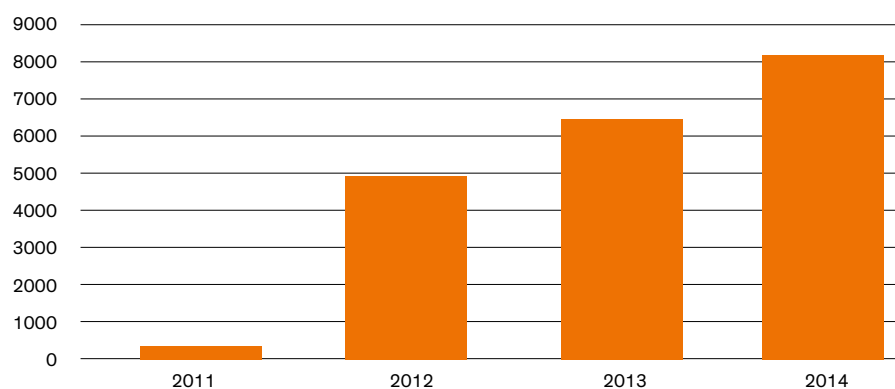
SPU's substantial acquisition of Israeli government bonds does in practice mean that Norway lends vast amounts of money to the Israeli state. It is not possible to record a detailed overview of what this money is used for.

If we assume that SPU investments in Israeli government bonds are used to finance public sector expenditure in Israel we have no guarantee that the money is not used for military purposes, continued occupation through a suppressive control regime and Israel's ongoing colonisation.

There is therefore an imminent risk that investments in Israeli government bonds go against the governments' responsibility not to support the violations of international law.

From 2011 to 2014, SPU's investments in Israeli government bonds have increased 40-fold.

Norges Bank's investments in Israeli government bonds



Million NOK

Source: nbim.no

5.2 Norwegian banks and fund managers

In recent years, Norwegian banks and fund managers have gained increased awareness of their responsibility to ensure responsible management of their investments. The majority of banks and fund managers now have a separate person or department working on social responsibility and ethics.

Since the publication of *Dangerous Liaisons I* in 2012, we have been in dialogue with Norwegian investors and have encouraged companies to withdraw their investments from companies that we consider to be responsible for serious violations. Several of the banks and fund managers have shown interest in the findings of the report and have developed expertise on the occupation of Palestine and companies' contribution to the violations of international law and human rights.

In *Dangerous Liaisons I* we looked at 13 of the largest banks and fund managers in Norway¹¹¹ (Alfred Berg, DNB, Danske Invest, Gjensidige, Holbergfondene, KLP, Nordea, Odinfond, Pareto forvaltning, Skagenfondene, Skandiabanken, Sparebank1 and Storebrand). The aim was to investigate whether any of the companies had investments in companies that can be said to contribute to the Israeli occupation of Palestinian territories and related violations. We also wanted to find out how transparent the various companies were and how easy it was for private individuals to check which companies they actually invest in via investment funds.

We therefore asked the banks and funds whether they had separate ethical

guidelines and what their policies were with regard to the exclusion of companies that do not operate in line with such guidelines. We also asked whether they published lists of companies that had been excluded from their investment portfolios and whether they published information about dialogues and other efforts to influence such companies.

We found that policies varied greatly between the various companies and that all but one had invested in one or more companies that we considered to contribute to the violations of international law and human rights to a serious degree in connection with the occupation of the Palestinian territories.

In this report we have updated the information about which companies the various banks and fund managers have invested in of companies we consider to contribute to serious violations in the occupied Palestinian territories. We have also updated the information relating to these companies' responsible management of investment portfolios and their extent of transparency.

We have looked at the equity funds and bond funds of the various banks and fund managers. An equity fund is a collective investment in which many people come together to buy shares.¹¹² In bond funds the money is invested in various bonds. According to Finansportalen, bonds are an effective way for large institutions such as governments, municipalities or major companies to borrow money from many different creditors at once.¹¹³ When a fund manager invests in company

bonds, this corresponds to making a loan to the company.

5.2.1 Ethical guidelines and the extent of transparency

All of the 13 banks and fund managers we looked at have their own ethical guidelines for investments. The extent to which the parties are linked to or reference international frameworks and initiatives such as the UN Principles for Responsible Investment (PRI), UN Global Compact and UNGP (see Chapter 3.3) varies.

Some parties are active managers of their own funds, while others invest in funds managed by someone else on behalf of themselves or on behalf of customers (they act as fund brokers rather than fund managers). The extent to which the parties carry out positive selection before a company is added to the portfolio varies. The parties that act as fund brokers do not carry out this form of monitoring of the funds they offer via other fund managers. Some of the parties have separate departments or teams working on ethics and social responsibility, while others rely to a large degree on the procurement of "screening services" and other forms of consultancy in the area from companies that specialise in this field.

A large proportion of the banks and fund managers state that they follow SPU decisions with regard to withdrawing from companies, i.e. that they are very likely to sell out of a company if the SPU decides to sell out and add the company to its exclusion list. However, for the majority of parties, this is not automatic.

Of the 13 banks and fund managers, only three have complete overviews of all companies in their fund portfolios on the internet at all times, while the rest only have an overview of a limited number of companies, usually the ten largest companies in each fund portfolio. All companies publish annual reports online, including complete overviews of all companies in which they have a stake as of 31 December.

We reviewed the online fund portfolios in March 2015. We have also looked at the information about the portfolios in the annual reports. Some of the banks and funds had not published their 2014 annual reports when this report was finalised. Due to this and the fact that there are continuous changes to the portfolios due to acquisitions, it is therefore possible that the banks and fund managers described in the report have investments in more than the 13 companies we have mentioned in the table in this chapter. Nevertheless, we believe that there is little chance of this, as we have reviewed all publicly available information and the parties' transparency with regard to fund portfolios is generally relatively good. However, this remains a field that requires continuous monitoring and dialogue with parties to attempt to reduce investments in such companies.

Only four of the 13 parties publish "exclusion lists" specifying the companies they have removed from their investment portfolios with any degree of regularity. The rest do not publish such lists. Certain parties, such as DNB, publish information about the number of companies that have been excluded and the criteria on which the companies have been excluded. DNB and KLP also publish voting results from the companies' general meetings. DNB publishes those instances in which votes go against the recommendation from the board, where there is major public interest or specific interest for the fund stakeholders.

In the table in Annex II we provide an overview of the different parties' ethical guidelines, the extent to which they have publicly available fund overviews and whether they publish exclusion lists. In the following sub-chapter we will take a closer look at the parties that have invested in the companies we consider to be responsible for some of the most serious violations in the occupied Palestinian territories and the dialogue that has been entered into with these companies by Norwegian banks and fund managers.

5.2.2 Bank and fund investments in companies with operations in the occupied territories

In the work to investigate Norwegian bank and fund investments in companies with operations in the occupied Palestinian territories, we have used the list in Chapter 5.1.3 of the 13 companies in which SPU has investments as the starting point. The majority of banks and fund managers also have investments in a number of the other companies, described in Annex I. We have not investigated companies that have been excluded from the SPU investment portfolio. This is because Norwegian fund managers and banks follow the SPU exclusion list and are therefore unlikely to include these companies in their portfolios.

When reviewing the fund portfolios, we found that ten of the 13 banks/fund managers we investigated have investments in one or more of the companies described in Chapter 5.13. These are companies with operations in the occupied territories that we consider to be involved in *serious violations of the rights of individuals in situations of war or conflict or other particularly serious violations of fundamental ethical norms*.

The majority of banks and fund managers have added companies to their exclusion lists due to the companies' operations in the occupied Palestinian territories. This predominantly applies to the four companies on the SPU exclusion list: Africa-Israel Investments, Danya Cebus, Elbit Systems Ltd. and Shikun & Binui.

Several of the banks and fund managers have also excluded a number of companies that are not on the SPU exclusion list due to activities linked to the Israeli occupation. Storebrand has excluded Bank Hapoalim, Bank Leumi, Cemex, G4S, Heidelberg Cement, Hewlett-Packard, Mizrahi Tefahot Bank, Motorola and Veolia due to activities linked to the Israeli occupation of the Palestinian territories. In June 2015, KLP excluded Heidelberg Cement and Cemex due to extraction

Storebrand has excluded nine companies due to operations linked to the Israeli occupation of Palestinian territories. In June 2015, KLP excluded Heidelberg Cement and Cemex due to extraction of natural resources on Israeli licences in the occupied territories. Nordea excluded Cemex in 2013 due to the same circumstances. Danske Invest also excluded Bank Hapoalim in February 2014.

of natural resources on Israeli licences in the occupied territories. At the same time, KLP published a thorough report including the basis for and assessment of the matter¹¹⁴. Nordea excluded Cemex in 2013 due to the same circumstances. Danske Invest also excluded Bank Hapoalim in February 2014.

Through meetings and further contact with several of the banks and fund managers that do not publish exclusion lists, we have also found that several have excluded other companies. We found that one of the parties had added Veolia to its exclusion list due to the company's previous involvement with the Jerusalem Light Rail. We also found that two of the banks and fund managers had added Heidelberg Cement to their exclusion lists due to the company's operations in quarries and other production in the occupied West Bank. Furthermore, we discovered that one of the parties had added Motorola Solutions to its exclusion list due to the company's development and supply of security systems to settlements and military installations in the occupied West Bank.

To a greater or lesser extent, the majority of the banks and fund managers use external companies as consultants with regard to Socially Responsible Investments (SRI). Several confirmed specifically that they were aware of SRI suppliers being in discussion with companies with operations in occupied territories. Several of the banks and fund managers also confirmed that they were or had been in discussion with several of the 13 companies we focused on in particular about their operations in the occupied Palestinian territories.

According to the KLP overview on corporate monitoring in 2014, KLP has been in touch with Bank Hapoalim, Bank Leumi, Cemex, Heidelberg Cement, Israel Discount Bank and Mezrahi Tefahot Bank about individuals' rights

Nordea's guidelines on the occupied Palestinian territories

Nordea has prepared public guidelines for Israeli-occupied territories. The guidelines are aimed at companies that are directly involved in settlement activities, extraction of non-renewable natural resources from the occupied territories or companies that supply products and services for the security infrastructure in the settlements. We consider it positive that Nordea has created guidelines demonstrating that they take companies' norm violations in the occupied Palestinian territories seriously.

You can read the guidelines here: <http://esg.nordea.com/policies/>

in war or conflict situations. KLP has also been in touch with G4S about human rights. Nordea has established separate guidelines for Israeli-occupied territories (see the box above for more information). As of November 2013, these guidelines had resulted in Nordea entering into dialogue with five companies, initiating monitoring of two companies and the exclusion of one.

Several of the fund managers have developed separate guidelines for investments in companies that contribute to violations in the occupied Palestinian territories. Nordea's guidelines in this area are publicly available.

Storebrand has also developed guidelines for the classification of companies with operations in occupied land and criteria for companies involved in serious violations of international humanitarian law.

The findings show that information and campaigns about companies' operations in the West Bank are important and that the work leads to concrete results. It sends strong signals when both banks and funds sell out of or enter into dialogue with companies because of their norm violations.

While we encourage even greater transparency from the industry and

believe that Norwegian banks and fund managers can still improve with regard to the practical work on ethics and social responsibility, we have found that the majority of parties were interested and attentive to our input and demands. Several of the parties also have extensive knowledge of the situation in the occupied territories. They are aware that many of the companies addressed in this report are involved in reprehensible activities in these areas and they monitor the companies on these grounds.

Our impression is also that the knowledge and interest from several of the parties has increased since the publication of *Dangerous Liaisons I*. However, several of the parties in the industry do not appear willing to exclude companies due to their violations in occupied territories or to initiate dialogue with companies on the matter.

On the following pages we will provide an overview of those of the companies that banks and fund managers have investments in. We also provide an overview of which of the companies banks and fund managers have added to their exclusion lists due to the companies' operations in the occupied Palestinian territories.

5. INVESTMENTS

Bank/Fund Manager	Company of the 13 that the bank/fund manager invests in	Company on the exclusion list due to operations in the occupied Palestinian territories.
Alfred Berg	Equity fund: Hewlett-Packard, Heidelberg Cement, Cemex and Motorola. Bond fund: Heidelberg Cement, Cemex. <i>The funds in which these shares are included are all managed by BNP Paribas.</i>	While not publicly available, Alfred Berg has confirmed that it follows SPU, which means that they currently have Shikun & Binui, Africa Israel Investments, Danya Cebus and Elbit Systems on their exclusion list.
DNB	Equity fund: Bank Hapoalim, Bank Leumi, Mizrahi Tefahot Bank, Caterpillar, Cemex, Hewlett-Packard, Motorola, Alstom, G4S and Heidelberg Cement Bond fund: Alstom, G4S, Hewlett-Packard, Dexia Credit Local	While not publicly available, DNB has confirmed that it places great importance on SPU with regard to this area, meaning it is very likely that it currently has Shikun & Binui, Africa Israel Investments, Danya Cebus and Elbit Systems on its exclusion list.
Danske Bank	Equity fund: Caterpillar Bond fund: Dexia, G4S, Cemex, CRH, Heidelberg Cement, Dexia Credit Local	<ul style="list-style-type: none"> · Africa Israel Investments Ltd. (due to construction activities that violate international humanitarian law) · Danya Cebus (due to construction activities that violate international humanitarian law) · Elbit Systems Ltd. (due to the supply of electronic equipment used in contravention of human rights standards) · Bank Hapoalim (due to activities that violate international humanitarian law)
Gjensidige	Equity fund: Cemex, Bank Leumi, Bank Hapoalim, Caterpillar, G4S, Heidelberg Cement, Hewlett-Packard, Mizrahi Tefahot Bank, Motorola and CRH. <i>These companies can be found in funds managed by others than Gjensidige. It is therefore possible that companies included on Gjensidige's exclusion list still appear in funds offered or invested in by the insurance company but that are managed by others.</i>	Not publicly available.
Holberg funds	No findings.	While not publicly available, the Holberg funds says that it follows SPU, which means that they currently have Shikun & Binui, Africa Israel Investments, Danya Cebus and Elbit Systems on their exclusion list.
KLP	Equity fund: Bank Leumi, Bank Hapoalim, Caterpillar, G4S, Hewlett-Packard, Mizrahi Tefahot Bank, Motorola	<ul style="list-style-type: none"> · AFI Group/Africa Israel Investment (due to involvement in the development of settlements) · Danya Cebus (due to involvement in the development of settlements) · Elbit Systems (due to the supply of electronic monitoring equipment for the segregation barrier) · Shikun & Binui (involvement in the development of settlements). · Heidelberg Cement (due to quarrying and extraction of natural resources in the occupied territories) · KLP excluded Cemex in June 2015 but removed the company from the exclusion list in December 2015 when Cemex sold its stake in the the Yatir quarry. · Alstom is also on the KLP exclusion list, albeit due to circumstances in Sudan.
Nordea	Equity fund: Heidelberg Cement, Bank Leumi, Caterpillar, Hewlett-Packard, Motorola Solutions and G4S Bond fund: G4S, Dexia Credit Local, Heidelberg Cement, Caterpillar, Hewlett-Packard, Alstom and Mizrahi Tefahot Bank	Nordea follows SPU for Norwegian-registered funds, which means that they currently have Shikun & Binui, Africa Israel Investments, Danya Cebus and Elbit Systems on their exclusion list. Nordea also excluded the company Cemex from the investment portfolio in 2013 due to the company's extraction of natural resources from the occupied territories. After Cemex sold its stakes in the Yatir quarry, the company is no longer on the Nordea exclusion list.
Odinfond	No findings	Not publicly available.
Pareto Forvaltning	No findings	Not publicly available. But since Pareto follows the SPU exclusion list, this means that they currently have Shikun & Binui, Africa Israel Investments, Danya Cebus and Elbit Systems on their exclusion list.
Skagenfondene	Equity fund: Heidelberg Cement	Not publicly available.
Skandiabanken	Equity fund: Hewlett-Packard, Bank Leumi, Caterpillar, G4S, Heidelberg Cement, Mizrahi Tefahot Bank and Motorola Solutions Bond fund: G4S	Not publicly available.
Sparebank1	Equity fund: Heidelberg Cement, Caterpillar, Hewlett-Packard, Bank Hapoalim, G4S, Mizrahi Tefahot Bank and Motorola Bond fund: Heidelberg Cement, Dexia Credit Local	While not publicly available, Sparebank1 says that it follows SPU, which means that they currently have Shikun & Binui, Africa Israel Investments, Danya Cebus and Elbit Systems on their exclusion list.
Storebrand	Equity fund: Caterpillar	Storebrand published its exclusion list in autumn 2015. At the time, Storebrand excluded Bank Hapoalim, Bank Leumi, Cemex, G4S, Heidelberg Cement, Hewlett-Packard, Mizrahi Tefahot Bank, Motorola and Veolia due to "the violations of international law and human rights".

Alstom

Alstom is a multinational company with its headquarters in France. The company operates in the energy supply and transport markets.

Alstom is involved in the Jerusalem Light Train (JLT) project. This city rail project contributes to the annexation of East Jerusalem and links the Psgat Zeev and Neve Yakov settlements in East Jerusalem to Western Jerusalem. Alstom owns 80 percent of the company responsible for "Engineering, Procurement and Construction" for the JLT project and is the sole owner of Citadis Israel, which has a contract for the supply of maintenance services to the project for 22 years. Alstom also supplies the trams for the project.

In June 2013, Alstom sold 20 percent of its stake in Citypass, the company that won the tender to develop and operate the Jerusalem city railway, to two other companies in the project, Ashtrom and Israel Infrastructure Fund. Alstom still has a stake in Citypass.¹¹⁵

Israel has annexed East Jerusalem in violations of international law. Projects contributing to this annexation are therefore also considered to violate international law. Jerusalem Light Rail is a city railway running from Western Jerusalem via the Old Town out to the Israeli settlements of Psgat Zeev and Neve Yakov in East Jerusalem. The project improves the links between the settlements and the rest of the city, something that the Israeli government has openly

admitted is one of the purposes of the railway. The city railway contributes to enhancing the settlements' permanent existence in the occupied territories and is therefore part of Israel's violation of the fourth Geneva Convention's Article 49(6) preventing occupying powers from moving their own civilian population into the occupied territories.¹¹⁶ The UN Human Rights Council adopted a resolution in 2010, explicitly expressing serious concern about Israel's decision to establish and operate a city railway between Western Jerusalem and the Israeli settlement Psgat Zeev. The resolution concludes that the settlement goes against international law and relevant UN resolutions.¹¹⁷ Norway voted in favour of a similar resolution in the UN Human Rights Council in 2010.¹¹⁸

Alstom is a key player in the Jerusalem Light Rail project. The company thereby contributes directly to strengthening the Israeli annexation of Jerusalem and the expansion of the illegal Israeli settlements.

The company has been added to NBIM's observation list due to the risk of severe corruption in corporate activities. This is not linked to the company's activities in connection with the occupation of Palestine.

www.alstom.com



Carriages used in the city railway linking Jerusalem and the settlements surrounding the city. (Photo: Stop The Wall)

Cemex

Through its wholly owned subsidiary, Readymix Industries, Cemex owned 50% of the Yatir quarry in the West Bank. Who Profits has obtained proof that Cemex sold its stake in this quarry in June 2015. Readymix Industries continues to operate four factories in the occupied territories, in the industrial zones of Mevo Horon, Atarot and Mishor Adumim in the West Bank and Katzrin in the occupied Golan Heights.

There is also an overwhelming risk of Cemex continuing to sell materials to settlements. Who Profits has previously documented that Cemex has supplied construction materials to both outposts and settlements. In a letter to Business and Human Rights in September 2015, Cemex claimed that it would stop selling materials to "illegal" settlements (what Israel refers to as outposts). The company defines "illegal" settlements as settlements that have not been authorised by the Israeli government and therefore believes that the settlements in which it has factories are legal. Cemex also says that it will not supply construction materials to the "illegal" settlements.

International law does not differentiate between legal and illegal settlements, both the Israeli outposts and the settlements in the West Bank are illegal. The UN has also made it clear that in situations where there is a conflict between international law and national legislation, the international law shall apply and must be respected.



A Readymix truck delivering concrete to the Mitzpe Yair outpost, May 2012. (Photo: Guy Taayush)

Caterpillar

Caterpillar is an American company that produces and supplies bulldozers and equipment for construction and civil engineering activities.

Since 1967, Israel has destroyed more than 28,000 Palestinian homes, companies and other structures necessary to maintain Palestinian life in the occupied territories.¹²⁶ Caterpillar's D9 bulldozers have and continue to be used by the Israeli military to demolish Palestinian homes in the occupied territories and to destroy Palestinian fields and other infrastructure, for the development of the wall and for the development of settlements on Palestinian land.

Caterpillar's bulldozers have been sold to the Israeli state as part of the US military support to Israel and equipment from the company has been used in military raids as weapons. As an example, the Israeli military used unmanned bulldozers (Thunder of Dawn) in the attack on the Gaza Strip in December 2008 and have used an unmanned version of the company's smaller vehicle (Front Runner), which is developed especially for urban warfare.

Caterpillar's sole representative in Israel is called Zoko Enterprises and its wholly owned subsidiary ITE is responsible for technological upgrades to Israeli military equipment as well as ongoing maintenance, including during military operations. Zoko Enterprises and Ramta, a branch of the government-owned Israel Aerospace Industries (IAI) have developed an unmanned remote-controlled version of Caterpillar's armoured D9 bulldozers, nicknamed "Pooh HaDov" (Winnie the Pooh). This is a newer version of Thunder of Dawn. Israel Tractors and Equipment Company Ltd., a branch of Zoko Enterprises, and Ramta modify Caterpillar equipment. This includes the installation of a ballistic hood with weapon mounts and communication equipment on D9 bulldozers.

A number of reports from human rights organisations state that these house destructions violate international law. According to humanitarian law the occupying power is responsible for the protection of the civilians in the occupied territories. Humanitarian law restricts destruction of property to military operations only. 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 organizations, is prohibited, except where such destruction is rendered absolutely necessary by military operations".

In 2004 the UN Special Rapporteur on the Right to Food, Jean Ziegler, wrote a letter to Caterpillar: "[...] there is also a concern that allowing the delivery of your D-9 and D-10 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 sells bulldozers to Israel that they know will be used especially for purposes that involve violations of international law and serious violation of human rights under the Israeli occupation. The company's sole representative, Zoko Enterprises, installs equipment on Caterpillar bulldozers for the purpose of equipping them for use in military raids and as weapons. Even if these actions are not performed by the company itself, the company should be held accountable, as Caterpillar has been aware of these circumstances over time and has still continued to sell bulldozers to Israel.

www.caterpillar.com



A military wheel loader and digger from Caterpillar used to extend a checkpoint in the West Bank, March 2009. (Photo: Who Profits)

Group 4 Securior (G4S)

G4S is an international company supplying private security services. G4S is a result of a merger between the British company British Securior and the Danish Group 4 Falck in 2004. G4S owns 91 percent of the shares in G4S Israel (Hashmira).¹²⁷

G4S has positioned itself as a player in the rapidly growing private security industry in Israel and is involved in a number of activities in the occupied Palestinian territories.¹²⁸ G4S has supplied equipment to Israeli checkpoints and terminals in the West Bank and Gaza, including luggage scanners and body scanners from Rapiscan as well as L-3 Safeview for the Erez border crossing and for the Qalandia, Bethlehem and Irtah checkpoints in the West Bank.

The company has supplied security systems to prisons for Palestinian prisoners in Israel and the West Bank, including the Ktziot, Megido and Damon prisons in Israel and the Ofer prison in the West Bank, and for the detention and interrogation centres Kishon (Al-Jalameh) and the Russian Compound in Jerusalem. The company has also supplied equipment to an Israeli police HQ in the West Bank, situated in the highly controversial E-1 area in connection with the Ma'ale Adumim settlement.

The location of prisons for Palestinian prisoners inside Israel and the transfer of prisoners to the occupying power's territories is illegal under international law and constitutes a war crime. Article 76 of the fourth Geneva Convention explicitly states: "Protected persons accused of offences shall be detained in the occupied country, and, if convicted they shall serve their sentences therein."

Human rights organisations have gathered proof showing that Palestinian prisoners are routinely subjected to torture at these centres. UNICEF has also documented that minors are systematically subjected to abuse when in Israeli custody.¹²⁹

The company supplies security services to companies in illegal settlements, including security equipment and personnel for stores and supermarkets in the Modi'in Illit, Ma'ale Adumim and Har Adar settlements and the occupied East Jerusalem and Kalia in the Jordan Valley. After the company acquired Aminut Moked Artzi – one of the oldest security companies in Israel – G4S also assumed control of the complete business operations, including security services, of the companies in the Barkan industrial zone in the West Bank.

When it became known that Hashmira, at the time owned by Group 4 Falck, had at least 100 armed security guards in the illegal Israeli settlement of Kedumim in 2002, the company announced that it would withdraw from the settlements. In spite of this, it was shown that G4S still offered security services to the settlements. In October 2011, the Danish research centre Danwatch discovered that G4S remains involved in the Israeli occupation industry through deliveries to the Israeli military, prisons and settlements.¹³⁰ This is in spite of the company having announced in March 2011 that it would discontinue several of its activities for ethical reasons.

In an interview with the newspaper Dagsavisen in January 2013, Director of Communications for G4S, Debbie McGrath, said the following about these contracts the company wished to discontinue: "We are looking at a police station, a prison and a few checkpoints. But we have no people down there, physically, what we supply are security systems, i.e. equipment for access control, pin codes and CCTV monitoring."¹³¹ This means that even if the company withdraws from these contracts, it will still be involved in security deliveries to banks and supermarkets in illegal Israeli settlements and continue to supply security equipment to prisons that hold Palestinian prisoners.¹³²

At the company's general meeting in January 2014, the Group CEO of G4S said that the company would terminate all contracts with Israeli prisons over the next three years. It remains to be seen whether this will actually happen.¹³³

There is currently a major international campaign with the aim of making G4S discontinue its contracts with Israeli prisons and companies in the illegal settlements. G4S has lost several major contracts as a result of this and a financial analyst has made a statement to the Financial Times that the operations in Israel and Palestinian territories are damaging the company's reputation.¹³⁴

See page 31 for more information about campaigning activities against the company in Norway and page 36 for the Universities of Oslo and Bergen's attempts to avoid the selection of G4S in their tender for security services.

www.g4s.com



Security system from G4S installed in the Yesh supermarket in the Modi'in Illit settlement, April 2010. (Photo: Who Profits)

Bank Hapoalim, Bank Leumi, Dexia, First International Bank of Israel, Israel Discount Bank and Mizrahi Tefahot Bank¹³⁵

These banks offer financing for construction projects in Israeli settlements in the occupied territories, loans to home buyers in settlements, loans and financial services to local authorities in settlements and loans to Israeli companies working in the occupied territories.

Bank Hapoalim and **Bank Leumi** financed the Jerusalem Light Rail project that was developed to link the settlements surrounding Jerusalem with the city centre.¹³⁶ The two banks manage the finances of the Clal Finance and Jerusalem Equity Portfolio, companies owned by the Efrat settlement.

Bank Hapoalim provides loans and financial services to settlement authorities. The bank manages the account of the regional council for the Har Adar and Katzerin settlements in the occupied Golan Heights. Bank Hapoalim is an important creditor for Shikun & Binui, which was excluded by SPU due to its development of settlements. The bank has branches in a number of illegal settlements in the West Bank, East Jerusalem and the Golan Heights.

Through the subsidiary Leumi Mortgage Bank, **Bank Leumi** offers loans to home buyers in settlements. Who Profits has documented an advertising sign in the Zufin settlement on which Leumi Mortgage Bank advertises special offers for private developers in the Zufin View project (see picture above). The bank has given loans to home buyers in several settlements and has branches in a number of illegal settlements. The bank has provided financial support to 78 homes in the Har Homa settlement. The Alfei Manashe settlement has an account with the bank, Ma'ale Adumim has signed an agreement for investment consultancy from the bank and the Kiryat Arba settlement saves its property tax in Leumi bank.

First International Bank's subsidiary Bank Otsar HaHayal (68 percent) offers loans to local authorities in the settlements and Israeli companies in the occupied territories. Bank Otsar HaHayal has a branch in the Ariel settlement. Another subsidiary, Pagi Bank (68.7 percent), has branches in the Beitar Illit and Modi'in Illit settlements. Masad Bank, yet another subsidiary, manages the education funds of the Efrat settlement.

Dexia Group owns 65.3 percent of the shares in Dexia Israel, which has issued long-term loans and provided other financial services to public sector authorities in settlements. Dexia Group, with its headquarters in Brussels, controls Dexia Israel via its French branch, Dexia Credit Local. SPU invests in both Dexia Group and Dexia Crédit Local. Gush Etzion's regional councils receives all of its government funds through Dexia Bank. The bank also operates the account of the Katzerin settlement in the Golan Heights. Katzerin receives funds from the various government offices via Dexia. All funds from Mifal HaPays (the Israeli national lottery) to settlements are transferred via Dexia Israel.

As a result of public campaigns lead by the Belgian Intal Group, the bank announced in June 2009 that the financing of Israeli settlements is a breach of the bank's ethical guidelines and that the bank had not given any new loans to settlements in the West Bank since September 2008. In spite of this, the bank has continued to give loans to local and regional settlement councils after September 2008. Dexia Group has said that it wishes to sell the Israeli bank but the sale has yet to be realised.

Israel Discount Bank and its subsidiary Mercantile Discount Bank have branches in settlements in the West Bank and East Jerusalem. Through the subsidiary Discount Mortgage Bank, the bank has financed development projects in the Har Homa, Beitar Illit and Ma'ale Adumim settlements. Discount Mortgage Bank and Mercantile Discount Bank also offer mortgages to settlements. The bank's subsidiary, Jerusalem Capital Books Management, is partially owned by the Efrat settlement.

Mizrahi Tefahot Bank offers loans to home buyers in settlements and has branches in a number of settlements in the West Bank. The bank has financed major housing projects in several settlements.¹³⁷ The bank offers loans and financial services to local authorities in settlements and loans to Israeli companies working in the occupied territories. The regional councils of the Kedumim, Karnei Shomron, Efrat and Gush Etzion settlements have accounts in the Mizrahi bank. The bank also offers loans to home buyers in settlements. Bank Adanim, a wholly-owned subsidiary of the bank, offers mortgages for homes in settlements and has branches in settlements in the West Bank. Another subsidiary, Yahav Bank for Government Employees, has a branch in occupied East Jerusalem.

www.mizrahi-tefahot.co.il -- www.discountbank.co.il
www.dexia.com – www.fibi.co.il – www.bankhapoalim.co.il
www.bankleumi.co.il



Sign from Bank Leumi for the Zufin View development project in the Zufin settlement, July 2009.
 (Photo: Who Profits)

5.3 Investments from Norwegian municipalities

Many Norwegian municipalities invest money in equity funds. The municipal service pension managers often also have their own investments in funds. The municipal service pension must be assured by an insurance company or pension fund. Since 2014, KLP has been the only insurance company offering occupational pensions. KLP is owned by the customers that have occupational pensions with the company. At the start of 2015, 418 municipalities and county councils had their pension schemes with KLP. Furthermore, 25 out of 26 healthcare trusts and the four regional healthcare trusts have one or more pension contracts with KLP, together with around 2,500 companies.

Government agencies have an obligation to protect human rights. This means that municipalities should ensure that they are not invested in companies that contribute to the violations of international law and human rights. We have therefore taken a closer look at the four largest municipalities in terms of population – Oslo, Bergen, Trondheim and Stavanger.

We have investigated whether these municipalities practice ethical management of their own fund investments and whether they make such demands of their service pension managers. Additionally, we wanted to find out whether the municipality or service pension manager (KLP or the municipality's own pension fund) invest in any of the 13 companies that we know to be involved in serious infringement of individual rights in war or conflict situations or other especially

severe violations of basic ethical standards.

Our investigations show that all of the four largest municipalities have their own investments or service pensions invested in a number of the 13 companies that are involved in the occupation to a serious extent.

All four municipalities had some form of ethical guidelines for their fund investments. None of the municipalities publish lists of the companies that have been excluded from the investment portfolios but they all say that they follow the SPU exclusion list.

Oslo municipality's service pension provider, Oslo Pensjonsforsikring AS and Bergen municipal pension fund have both invested in hedge funds. This type of fund has been subject to criticism due to inadequate transparency. It has not been possible for us to determine what these funds are invested in.

Below you will find a brief review of the four municipalities' fund investments, how the different municipalities organise their service pension schemes and whether the municipality has made any announcement or taken specific steps to ensure that its investments are ethically sound.

The Municipality of Oslo

The Municipality of Oslo is a member of Global Compact and is therefore actively obliged to protect human rights, working conditions, the environment and anti-corruption in its activities. According to the Municipality of

Oslo's financial regulations, the municipality cannot invest in other governments' bonds or carry out other forms of foreign investments. It also does not allow for investment in shares, equity funds, responsible lending or current assets that carry a foreign-exchange risk. The municipality's surplus liquidity can be invested in the municipality's corporate bank account and other Norwegian-registered borrowers and issuers of foreign capital. In the last five years, surplus liquidity has been wholly invested as bank deposits.¹³⁸

Oslo Pensjonsforsikring AS (OPF) is a life insurance company, wholly owned by the municipality, that manages the municipal service pension. OPF follows the same ethical guidelines as the Norwegian Government Pension Fund Global (SPU). Neither the municipality nor OPF may make financial investments that contravene SPU's ethical guidelines and they therefore follow the SPU exclusion list in practice.

In 2013, OPF invested 3.7 percent of its collective portfolio in hedge funds.¹³⁹ It is difficult for the general public to gain an insight into these fund investments and we were unfortunately not successful. OPF may therefore have invested in more companies that contribute to the violations of international law and human rights in the occupied territories than those listed in the table below.

The Municipality of Bergen

The Municipality of Bergen invests some of its surplus liquidity in equity funds. As of 31/12/2013, the municipality

All of the four largest municipalities have investments in a number of the 13 companies that are involved in the occupation to a serious extent.

had invested around 50 million Norwegian kroner in a money market and bond fund in KLP. The Municipality of Bergen follows the ethical investment rules for KLP in the management of the surplus municipal liquidity. In practice this means exclusion of companies that can be linked to violation of the conventions linked to human rights, working rights, the environment, weapons and corruption.

Bergen Kommunale Pensjonskasse (BKP), which manages the municipal service pension, also has its own equity investments. The Municipality of Bergen adopted ethical guidelines for Bergen Kommunale Pensjonskasse's investment activities on 13/08/2003. According to the guidelines, BKP shall not invest in weapons that are prohibited under international conventions and companies that violate or contribute to the violation of human rights, conventions on children's rights and the ILO convention on health, safety and the environment.

The Municipality of Trondheim

The Municipality of Trondheim owns Trondheim Kommunes Kraftfond (TKK), which was established by the city council following the sale of the municipality's shares in Trondheim Energiverk AS. The Municipality of Trondheim has ethical guidelines for TKK investments based on the UN Global Compact and OECD's principles for multinational enterprises. Importance is placed on the funds TKK invests in having good ethical regulations in line with the municipal

regulations. In the event that it is discovered that TKK has invested via equity funds in companies that violate the ethical regulations, the fund manager should be encouraged to sell the items concerned. If the recommendation is not followed, TKK should sell its investments in the fund.¹⁴⁰

Trondheim Kommunale Pensjonskasse (TPK) is the municipal service pension manager. TPK is an independent legal entity and the TPK funds are separate to the municipal funds. The municipality sponsors TPK but TPK is not owned by the municipality. TPK has investments in equity funds. The company's annual report states that TPK's ethical guidelines for capital management have been structured using the same principles that apply to the Norwegian Government Pension Fund Global.¹⁴¹

The Municipality of Stavanger

The Municipality of Stavanger's financial strategy states that the municipal investment strategy must uphold consideration for human rights, employee rights, the environment and ethical business principles in accordance with the Global Compact and the UNPRI principles.

According to the regulations, the municipality must not carry out its own analysis of companies to ensure that these criteria have been met but must use available documentation from renowned national and international analysis firms or other independent assessments.

The Municipality of Stavanger does not create its own lists of excluded

companies but follows KLP's list of excluded companies. KLP prepares such lists twice per year and the investment positions for the Municipality of Stavanger are checked against these lists.

If a company that the municipality has invested is found to violate the municipal criteria upon review, the funds must be withdrawn from the investment concerned. As of 31/12/2014, the municipality had no non-conformities in this regard.

The occupational pension for employees in the Municipality of Stavanger is managed by KLP. KLP manages the occupational pension funds collectively and not as separate accounts for each customer in the scheme.

We therefore used the overall KLP investment portfolio as the basis for determining which companies the Municipality of Stavanger's service pension funds are invested in.

Copenhagen's investments in settlements

On 21/06/2014, Mayor Frank Jensen announced that the Municipality of Copenhagen could not invest in companies with operations on occupied land, as this contravenes international conventions. The municipality of Copenhagen therefore decided to exclude Bank Hapoalim and Mizrahi Tefahot Bank from its investment portfolios.¹⁴²

Below you will find an overview of the companies the various municipalities have invested in and that we believe to contribute to the violations of international law and human rights in Palestine to a serious degree. The overview also shows whether the municipality has any public fund overviews and whether exclusion lists are published.

Municipality		Public fund overview	Publishes exclusion lists	Companies of the 14 that the municipality/service pension manager invests in
Bergen	The Municipality of Bergen	Companies and funds that the municipality has a stake in can be found in the annual accounts presented to the city council each year.	No. Makes use of the list of excluded companies prepared twice per year by KLP.	No findings
	Bergen Kommunale Pensjonskasse (BKP)	The equity funds BKP has invested in can be found in the company's annual report.	No	Alstom, Bank Hapoalim, Bank Leumi, Mizrahi Tefahot Bank, Caterpillar, G4S, Heidelberg Cement, Hewlett-Packard and Motorola
Trondheim	Trondheim kommunes kraftfond	The equity funds that TKK has invested in can be found in the annual report and the interim reports. The annual reports are available online. We have used the report for the second four-month period as the basis. https://www.trondheim.kommune.no/budsjett-regnskap/	The municipality does not publish its own list of excluded companies but states that the list prepared by the SPU Council on Ethics provides guidance for TKK.	Bank Leumi, Bank Hapoalim, Caterpillar, G4S, Heidelberg Cement, Hewlett-Packard, Mizrahi Tefahot and Motorola
	Trondheim kommunale pensjonskasse (TPK)	TPK's annual report shows the funds and companies TPK invests in. We have used the annual report for 2013 as the basis.	No	Bank Leumi, Bank Hapoalim, Caterpillar, G4S, Heidelberg Cement, Hewlett-Packard, Mizrahi Tefahot and Motorola
Oslo	The Municipality of Oslo	Information about the municipality's finances and profits and loss can be found in the interim and annual reports published on the municipality's website.	No. Neither the municipality nor OPF may make financial investments that contravene the ethical guidelines that apply to the Norwegian Government Pension Fund Global (SPU). The municipality and OPF therefore follow the SPU exclusion list in practice.	The municipality of Oslo has no investments in funds. In the last five years, the municipality's surplus liquidity has been wholly invested as bank deposits.
	Oslo Pensjonsforsikring AS (OPF)	OPF's annual report shows the funds and companies OPF invests in. We have used the annual report for 2013 as the basis.	No. Neither the municipality nor OPF may make financial investments that contravene the ethical guidelines that apply to the Norwegian Government Pension Fund Global (SPU). The municipality and OPF therefore follow the SPU exclusion list in practice.	Bank Leumi, Bank Hapoalim, Caterpillar, G4S, Hewlett-Packard, Mizrahi Tefahot Bank and Motorola
Stavanger	The Municipality of Stavanger	The municipality of Stavanger's annual report does not specify the municipality's investments in funds. We have received an overview of shareholdings as of 31/12/2013 following dialogue with the municipality.	No. Follows the KLP list of excluded companies.	Heidelberg Cement
	Public service pension through KLP	Please refer to information about KLP in Annex II	Please refer to information about KLP in Annex II	Caterpillar, G4S, Hewlett-Packard and Motorola.

Recommendations

Recommendations to the Norwegian government

- i. The Council on Ethics should recommend that the Norwegian Government Pension Fund Global (SPU) withdraws investments from companies listed in Chapter 5.1.3.
- ii. In situations where the Council on Ethics recommends exclusion, Norges Bank must initiate dialogue with the companies for the purpose of changing corporate policy.
- iii. The Norwegian government must introduce ethical guidelines for the Norwegian Government Pension Fund Global (SPU) 's investments in government bonds to ensure that it does not invest in governments responsible for severe violations of human rights.
- iv. Norwegian municipalities must ensure active ethical management of municipal investments in funds and municipal public service pension schemes.
- v. Norwegian municipalities should withdraw their own investments and investments via the municipal occupational pension manager from companies listed in Chapter 5.1.3. These companies should be added to the exclusion lists until the companies cease the violation of law in occupied Palestinian territories.
- vi. The Norwegian government should publish exclusion lists and generally be transparent with the general public with regard to its own investments and investments via occupational pension schemes.

Recommendations for Norwegian banks and fund managers

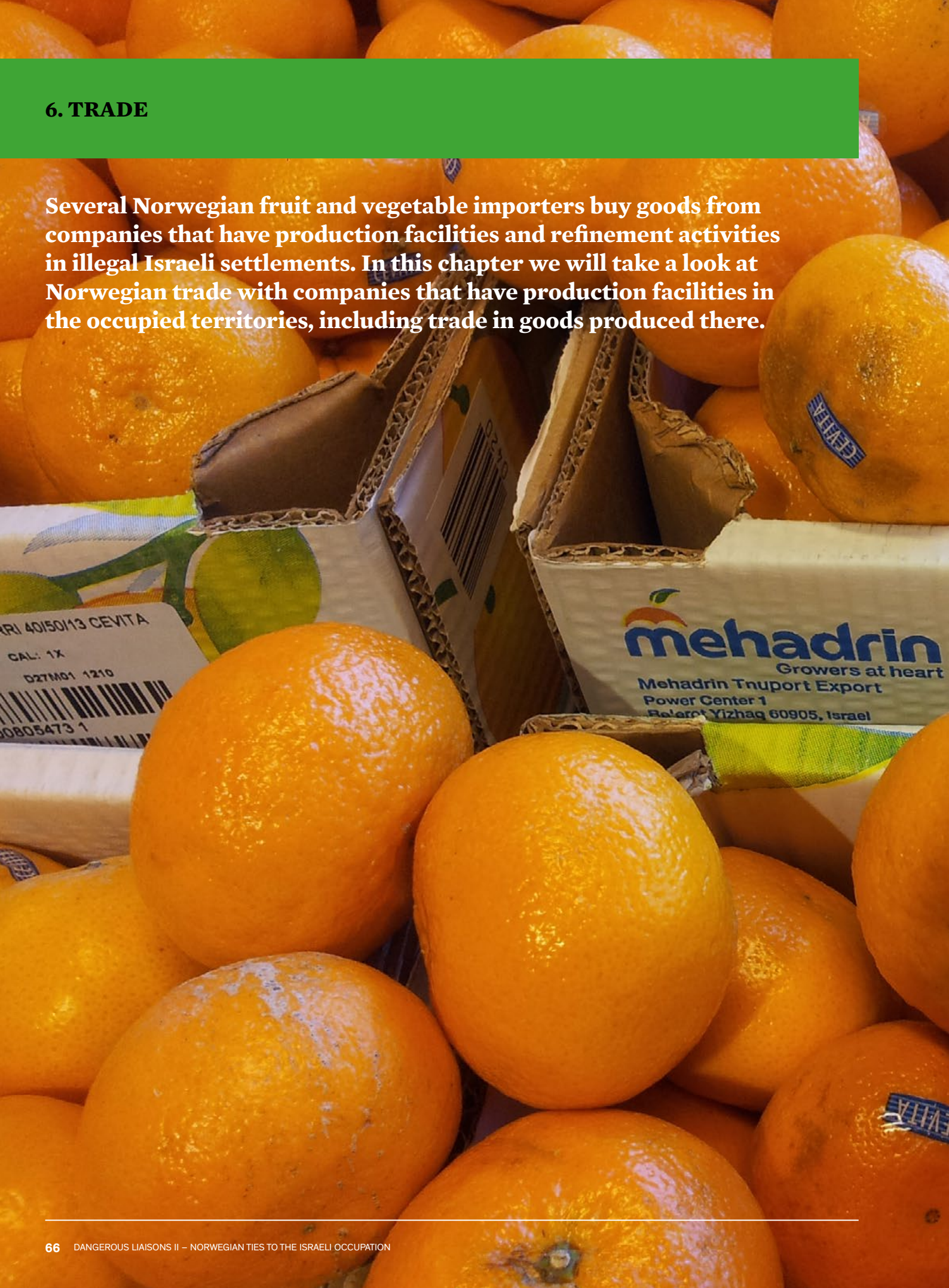
- i. Norwegian banks and fund managers should withdraw investments from companies listed in Chapter 5.1.3 and add these companies to their exclusion lists until the companies cease norm violations in occupied Palestinian territories.
- ii. In those cases in which banks and fund managers do not consider the companies' operations to be serious enough to warrant withdrawal, banks and fund managers must enter into dialogue with the companies to ensure that their practices are changed.
- iii. Banks and funds should publish exclusion lists and be transparent with customers and the general public concerning the contents of the investment portfolios.

Recommendations for private individuals

- i. We encourage private individuals who save through funds to ask their bank or fund manager to check that their funds do not invest in companies active in the occupied Palestinian territories. We encourage private individuals to change funds, banks or fund managers if the funds have investments in these companies and are unwilling to consider excluding them from their portfolios.

6. TRADE

Several Norwegian fruit and vegetable importers buy goods from companies that have production facilities and refinement activities in illegal Israeli settlements. In this chapter we will take a look at Norwegian trade with companies that have production facilities in the occupied territories, including trade in goods produced there.





Clementines from Mehadrin sold by Bama in a Norwegian grocery store, April 2015. (Photo: Ingvild Skogvold)

Olive harvesting continues to play a key role in Palestinian agriculture. Both oil and soap are manufactured from olives. (Photo: Tal King)



6. Trade

Production and trade are an integral part of the occupation, as was also shown in Chapter 3.2.1 and 3.2. on the industrial zones in the occupied West Bank and settlement farms in the Jordan Valley. We therefore believe that it is important to expose the fact that there is also Norwegian trade in goods from occupied territories and companies that operate in the occupied territories.

We would also like to take a closer look at inadequacies in the Norwegian government's policy on trade with companies in the occupied territories. In this chapter we will firstly take a look at Norwegian trade with companies that have production facilities in the occupied territories, including trade in goods produced there. We will then look at statistics and customs processing and the Norwegian practice in these areas with regard to goods from Israel and the settlements.

6.1 Norwegian trade with the occupation

In the work on the previous report and this report, we found a relatively small number of Norwegian companies that trade in goods from settlements or with companies with operations in the occupied territories.

It is possible that the extent of such trade has a limited scope, but as we can see from Chapter 6.6.1 there are no Norwegian statistics differentiating between goods imported from Israel and goods imported

from settlements. Our selection is therefore based on a few known cases that we have taken a closer look at.

We will also assume that there are companies other than those mentioned in this chapter that carry out trade in goods from settlements or with companies with operations in the occupied territories.

This part of the report predominantly looks at the importing of fruit and

vegetables to Norway from Israeli suppliers who have parts of their production in the occupied territories. We follow up on this with three examples of other companies that have or recently had production activities in settlements/industrial zones in the West Bank and that are sold in Norway: Ahava cosmetics, SodaStream and plastic products from Keter.

6.2 Importing of fruit and vegetables

Several Norwegian fruit and vegetable importers buy goods from companies that carry out production and refinement activities in illegal Israeli settlements. On the following pages you will find further information about

Mehadrin, Edom UK, Hadiklaim, Avniv and Cosmopolitan Trade. We know that Norwegian fruit and vegetable importers buy or have bought goods from all these companies, and that these companies carry out production

in settlements. It has also been documented that several of these companies label their goods incorrectly to give the impression that goods produced or packaged in settlements are actually produced in Israel.



Mehadrin sign on a packaging plant for grapes in the Beqa'ot settlement, May 2010. (Photo: Corporate Watch)

The Israeli agricultural company **Mehadrin**¹⁴³ is the largest Israeli supplier of fruit and vegetables to Norwegian importers. According to its own website, Mehadrin operates four farms in the occupied territories.¹⁴⁴ Mehadrin says that the production is for the local Israeli market only. The company also operates a packaging plant and warehouse in the Beqa'ot settlement.

During a field visit in January 2013, Corporate Watch discovered that one of Mehadrin's warehouses in Beqa'ot was filled to the ceiling with boxes labelled "Produce of Israel" from Be'erot Yitzhaq, a kibbutz in Israel near the border with Gaza. Below you can see a picture from this warehouse showing a box labelled "Produce of Israel" from Be'erot Yitzhaq, which is inside Israel.



The Israeli supplier **Edom UK** exports parts of its production from the Tomer and Beit Ha'arava settlements in the West Bank. Dates from Edom Fruits, labelled with the origin Ayelet Hashahar, a kibbutz in Israel, have been found in the Tomer settlement.¹⁴⁵



Box of Edom Medjoul dates found in the Tomer settlement, January 2013. The boxes are labelled with an origin of Ayelet Hashahar, a kibbutz in Israel. (Photo: Who Profits)

Hadiklaim is a cooperative of Israeli date producers. In 2010, Hadiklaim exported dates from the Patza'el, Messua and Mehola settlements in the Jordan Valley and from the Golan Heights. Hadiklaim also exports all dates from the Almog, Beit Ha'araval, Mitzpe Shalem, Kalia and Vered Yeriho settlements. Hadiklaim operates packaging plants in the Tomer, Gilgal and Yafit settlements in the Jordan Valley as well as in the Beit Ha'arava settlement in the Dead Sea area in the West Bank.¹⁴⁶

In September 2012, Dubi Kadishay, the chairman of the company, announced that one of the places that had the biggest growth in new date trees was the occupied Jordan Valley.¹⁴⁷ The company predominantly exports dates of the type Medjoul. Hadiklaim's dates are marketed under names such as Desert Diamond dates, Jordan River natural Medjoul dates, Jordan River organic dates and King Solomon.¹⁴⁸ Boxes containing dates from Hadiklaim have been found in the Tomer settlement labelled "Made in Israel".¹⁴⁹

The Israeli company **Avniv** sells amongst other products, grapes, bell peppers and cherry tomatoes, and is situated in the Nativ Hagdud settlement in the Jordan Valley.¹⁵⁰

Boxes and labels from the Israeli company **Terra - Cosmopolitan Trade** have been found in packaging plants in the Tomer and Na'aran settlements in the occupied Jordan Valley.¹⁵¹

Below, we take a closer look at BAMA, Coop, ICA and Interfrukt's imports from these companies.

BAMA is the company in Norway that imports the most fruit and vegetables from Israel. According to the company, the value of these imports amounted to around NOK 90 million in 2012.¹⁵² BAMA predominantly imports oranges, clementines, pomegranates, tomatoes,



Hadiklaim sign in the Tomer settlement, January 2010. (Photo: Who Profits)

bell peppers, potatoes and carrots from Israel. The company is owned by and is the main supplier of NorgesGruppen and Rema 1000.

BAMA buys goods from Mehadrin and Edom UK and has agreements in place with its producers making it clear that they do not want goods produced in the occupied territories, although it has not been explicitly stated that the goods cannot be packaged there.¹⁵³ In addition to Mehadrin and Edom UK, BAMA has several smaller suppliers/subcontractors in Israel (Ego, Gidon Sulat, Kibbutz Geser Shluhot, UMS), all of which claim to produce only on land within the pre-1967 Israeli borders.¹⁵⁴

BAMA has been a member of the Ethical Trading Initiative Norway (IEH) since 2002. BAMA states the following on its website:

"BAMA requires honesty, integrity and accountability in all matters relating to our business activities. Our goal is to ensure that we have a proper and orderly relationship with our employees, partners, the environment and society in general. A healthy business philosophy means corporate social responsibility. [...] BAMA has found that we cannot always leave this responsibility solely to the supplier. BAMA also believes that permanent change is easiest to achieve when we are clear and unequivocally state our conditions and policies while also signalling a willingness and ability to collaborate to fulfil these."¹⁵⁵

Coop imported fruit and vegetables from Israel to the sum of around EUR 750,000 in 2014 via its trading company Coop Trading in Valencia. Avocados, oranges, clementines, bell peppers,

squash and some exotic fruit, as well as other smaller volumes, are imported. Coop buys Israeli goods from the companies Valstar, BioWorld, EGO Growers, Ambiente Europe and Mehadrin. Coop has previously bought dates from Hadiklaim, but says that it no longer does so, but prefers buying dates from Mehadrin.¹⁵⁶

ICA Norge confirms that it imports fruit and vegetables from Israel with a total value of around NOK 1.25 million per year. ICA buys goods from Mehadrin, Cosmopolitan Trade, Avniv and Edom Fruits through subcontractors. When we got in touch with ICA, the company was in the process of being acquired by Coop and therefore stressed that when the process was complete, Coop would be the ones to answer questions about the goods they stock. When Coop was asked whether the acquisition of ICA would have any consequences on the Israeli suppliers with which the company trades, the response from Coop was that it was too early to say but that when stores are rebranded to Coop, the Coop guidelines will be followed.

Interfrukt does not have any direct contact with suppliers in Israel but imports some Israeli goods (herbs, bell peppers and citrus fruits) via European suppliers. They do not wish to provide information about who Interfrukt buys goods from.

We have contacted nine Norwegian fruit and vegetable importers to obtain information about how much they import from Israel, the suppliers they use and the contracts they might have with regard to the import of products from the occupied territories.

Four of the nine did not respond to our enquiry before the editing of this report had been concluded. In addition to those mentioned above, **Jørgen**

Sørensen & Co confirmed that it does not currently import goods from Israel.

Several of the fruit and vegetable importers we have been in touch with confirmed that they have contracts in place with their suppliers stating that they do not wish to buy goods from the occupied Palestinian territories. BAMA has written agreements in place with its suppliers in Israel stating that fruit and vegetables produced in the occupied territories must not be supplied to them. According to BAMA, the suppliers are very familiar with their demands and know that they will lose the contract if there is a breach of trust.

Coop has a written agreement in place with its Israeli suppliers stating that it does not wish to receive goods produced or packaged in the occupied territories. The suppliers sign a certificate showing that their products do not originate from the occupied territories.

According to Coop, the intention of the agreement is to ensure that there is no trade with the settlements. ICA Norge also confirmed that it does not buy goods produced or packaged in the occupied territories. Interfrukt says it has an agreement in place with its herb supplier, the only product regularly imported with an Israeli origin. The agreement confirms that this company does not supply goods produced in occupied territories. Interfrukt notes that it has no reason to doubt the validity of the assurances.

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid finds it very positive that BAMA, Coop, ICA and Interfrukt have taken a stand not to buy goods from settlements and that they have agreements in place with their suppliers about this. Nevertheless, we consider

it to be problematic for Norwegian importers to continue collaborating with suppliers who carry out parts of their production in the occupied territories and that do not show any willingness to discontinue such production.

The Co-operative Group in the United Kingdom has discontinued its trade with settlement companies

On 25/04/2012, The Co-operative Group in the United Kingdom decided to cease collaboration with companies it knew to have production activities in Israeli settlements in the occupied territories. The decision affected four suppliers and trade totalling a value of around 350,000 British Pounds Sterling. The Co-operative Group has announced that this does not constitute a boycott of Israeli companies and that it continues to trade with around 20 suppliers who do not trade in settlement goods.¹⁵⁷

6.3 Ahava cosmetics



Ahava labels its products with "Made in Israel" even if they have been produced in the occupied Palestinian territories. The postcode 86983, shown in small numbers on the packaging, is the postcode for the Israeli settlement of Mitzpe Shalem by the Dead Sea. (Photo: Norwegian People's Aid)

The cosmetics producer **Ahava Dead Sea Laboratories** uses clay from an area in the occupied West Bank in its production. The company therefore exploits Palestinian natural resources for the production of its cosmetics. The company's factory and visitor centre are also situated in the Israeli settlement of Mitzpe Shalem by the Dead Sea in the occupied West Bank.¹⁵⁸ Around 45 percent of the company's shares are owned by the Mitzpe Shalem and Kibbutz Kalia settlements. This means that the revenue from the sale of Ahava products goes directly to support the continued existence of these settlements.

Ahava sales in Norway

Until March 2012, the VITA chain sold Ahava in the majority of its 100 Norwegian stores. In the work on the previous version of this report, the Norwegian Union of Municipal and General Employees and Norwegian People's Aid established a dialogue with VITA concerning the sale of Ahava products. In March 2012, VITA announced that its official standpoint "from today is to not buy goods from the

occupied territories from the 1967 war."¹⁵⁹ VITA's justification for the decision was the official statements from the Ministry of Foreign Affairs and the UN Security Council about the settlements having been established in violations of international law.

VITA also referenced BAMA's policy in its decision, stating that NorgesGruppen, which owns 49 percent of VITA, has, via its ownership of Bama, concluded that it goes against company policy to buy from occupied territories. VITA wished to adopt the same policy. It also references the fact that the Ethical Trading Initiative Norway (IEH) has decided against trading in goods produced in occupied territories.

VITA also announced that it is encouraging the producer of Ahava to move its production to a "territory pre-dating the 1967 war and also to recover raw materials from a territory pre-dating the 1967 war" and that if this is done, the purchase of goods will be considered on normal grounds.

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid would like to commend the VITA chain for setting a good example to other Norwegian companies that sell Ahava or other goods from the occupied territories.

In spite of the decision made by VITA, a number of smaller Norwegian perfume stores and health stores continue to sell Ahava products. The packaging of the Ahava products sold in Norway states "Made in Israel".

But below this text, in the middle of some Hebrew sentences, the postcode 86983 can be found. This is the postcode for the Mitzpe Shalem settlement by the Dead Sea – or, in other words, in the occupied Palestinian territories.

Such misleading labelling does in practice mean that it is virtually impossible for consumers to know that the product they are buying has not been produced in Israel but in the occupied West Bank.

6.4 SodaStream



Produced by:
Soda-Club Ltd.,
Gilboa Street
Airport City,
Ben-Gurion Airport
70100 Israel

SodaStream products are also increasing in popularity in Norway. The producer's headquarters used to be situated in the Israeli settlement of Ma'ale Adumim outside Jerusalem. (Photo: Werner Anderson)

The home carbonation device from SodaStream is one of the products that has gained attention for being produced in the occupied Palestinian territories, also known as the Mishor Adumim industrial zone linked to the Ma'ale Adumim settlement in the West Bank. In addition to the factory in Mishor Adumim, SodaStream has three factories in Israel – one in Ashkelon, one in Alon Tavor and one factory in Bersheeba, in the south of Israel. The head office is situated outside of Tel Aviv, near the airport.

In October 2014, SodaStream announced that it would move its

factory from the West Bank to the factory in Bersheeba during 2015. When the Norwegian report went to print, this move had yet to take place. SodaStream completed the move in December 2015.

SodaStream sales in Norway

SodaStream products are sold in Norway by, amongst others, Jernia, Elkjøp, Lefdal, Expert, Staples, Clas Ohlson and Siba. SodaStream International B.V. distributes all SodaStream products in the Nordic region and the Baltic countries after acquiring the distribution rights from Empire AB in January 2012.¹⁶⁰

For a number of years, SodaStream claimed that the carbonation machines it exports to the Nordic region do not originate from the factory in Mishor Adumim. On the packaging of many of the SodaStream products sold in Norway, the address Gilboa Street, Airport City, Ben Gurion Airport, 70100 Israel could be seen. But SodaStream did not have a factory at this address. This means that SodaStream labelled its products using the address of an office situated in Airport City near the Ben-Gurion airport in Tel Aviv, which made it impossible for ordinary consumers to know where the products had actually been produced.

There are several things that indicate that the assurances made by SodaStream to Nordic dealers about the drinks machines not originating from Mishor Adumim were incorrect. SodaStream's annual report from 2011 described the factory in Mishor Adumim as the company's main production plant. In the 2013 annual report it says that the plant had a metal factory, plastic and bottle blowing factory, machine factory, installation factory, cylinder factory, CO2 refill station and a cylinder test facility. The company also had a warehouse and offices here. At the head office outside Tel Aviv, the company has offices, a logistics centre and warehousing. At the Alon Tavor plant, bought by SodaStream in 2011, plastic injection, painting, installation of carbonation components, pressurisation and installation are carried out.

The Ashkelon plant only produces various flavours of syrup. The Mishor Adumim factory was four times larger than the head office and eight times larger than the factory in Ashkelon.¹⁶¹ Compared to the other factories, the Mishor Adumim factory was the only plant at which bottle blowing and the production of carbonation devices and cylinders have been carried out.

Based on this information from the company's annual reports and its own investigations, the organisation Who Profits concluded in 2013 that all SodaStream drinks machines must pass through the Mishor Adumim factory in the occupied West Bank.¹⁶²

Regardless of the origin of each drinks machine from SodaStream, trade in

the goods was considered problematic. This was because the company had most of its production in the occupied territories and thus contributed to the support of illegal settlement activities.

In January 2011, the Israeli organisation Who Profits issued an extensive report on SodaStream, stating that all companies in Mishor Adumim, SodaStream included, pay municipal tax to the Ma'ale Adumim Municipality and thus contribute directly to the support of one of the largest Israeli settlements in the West Bank (Ma'ale Adumim).¹⁶³

In 2012, the Norwegian People's Aid Solidarity Youth started the campaign "La boblene briste, boikott SodaStream" ("Burst the bubbles, boycott SodaStream"). 23 organisations supported the campaign's demand for the company to terminate its production in the occupied Palestinian territories and for Norwegian dealers to stop selling the products as long as the company kept its main factory in an illegal settlement. In December 2015, it was confirmed that the company had moved out of Mishor Adumim as announced. This meant that the campaign was a success. See page 31 for more information about the campaign.

6.5 Plastic products from Keter

With its subsidiaries, Keter Plastic is one of the largest suppliers of plastic products to the European market. The most common Keter products in the Norwegian market are deck boxes and toolboxes. The company's products are sold by several major Norwegian ironmongers and retailers. According to Who Profits, Keter runs a factory in the Barkan industrial zone in the occupied Palestinian territories.

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid have been forwarded an e-mail from Keter's central office dated May 2014 via a Norwegian retail chain that sells Keter products. In this e-mail, Keter states that it does not have any facilities or operations in what the UN defines as occupied territories.¹⁶⁴

Who Profits is now working to confirm the company's claims and states on its website that Keter trucks were observed in the parking area outside of the factory in the Barkan industrial zone on 21/03/2014.

When the editorial for this report concluded, it was not possible to confirm whether the company's claims of not having any production facilities in the occupied territories were actually true.



Trucks from Keter in Barkan. (Photo: Who Profits)

6.6 Settlement goods: Statistics and labelling

The framework for trade between Israel and European importers predominantly consists of EU and EFTA regulations and free trade agreements with Israel. The agreements do not explicitly differentiate between Israel and the occupied territories, largely because Israel refuses to accept such a differentiation. This creates challenges linked to customs processing and statistics with regard to goods from the occupied territories to Norway.

It is also an issue that goods from settlements sold in Norway are labelled "Made in Israel," making it impossible for the consumer to know that the goods have been produced in the occupied territories. We have attempted to gain an understanding of Norwegian policy in this area and will provide recommendations based on what appear to be the greatest challenges.

6.6.1 Statistics and labelling of settlement goods

In the work on this and the previous report it has not been possible to clarify whether there are any official statistics on goods imported from Israeli settlements to Norway. We have only been able to obtain statistics for imports from Israel and Palestine to Norway.

According to Statistics Norway, imports from Israel to Norway in 2014 amounted to 876 million Norwegian kroner. The largest product group is the category "machinery and means of transport" followed by "groceries and live animals" and "chemical products". Norwegian companies imported

"groceries and live animals" from Israel amounting to 144.78 million Norwegian kroner in 2014.¹⁶⁵

Goods from settlements sold in Norway (see the example of Ahava, Chapter 6.3) are often labelled "Made in Israel," making it impossible for ordinary consumers to know that the goods have actually been produced in the occupied territories. This is most probably a contravention of the marketing act, which states that trading practices can be misleading if they contain incorrect information.¹⁶⁶

There is ongoing discussion in the EU concerning common guidelines for the labelling of settlement goods. In April 2015, 16 of the EU Ministers of Foreign Affairs wrote letters to Catherine Ashton, in which they expressed support for common EU guidelines for the labelling of settlement goods.¹⁶⁷ In November 2015, the EU Commission presented an interpretative notice stating that goods produced in the illegal settlements in the West Bank, East Jerusalem and Golan Heights cannot be labelled "Made in Israel."

6.6.2 Customs and free trade: Framework

We have attempted to establish whether settlement goods benefit from reduced customs rates under the free trade agreement between Norway and Israel via EFTA. One of the main issues of the framework on customs processing as it works today is that Israeli exporters or the Israeli government are not required to label goods from settlements or

accompanying documents with any origin other than "Israel".

Documents for goods produced in occupied territories must be labelled with the postcode of the Israeli settlement/industrial zone in which the goods have been produced but the origin is still referenced as "Israel". Below we will explain why the framework is this way and provide some recommendations as to what should be done to change this to prevent settlement goods from benefiting from lower customs rates.

Trade between the EU and Israel and between EFTA and Israel is governed by a number of agreements. The agreements that are most relevant to Norway are those governing the relationship between EFTA and Israel and the Palestine Liberation Organization respectively: The free trade agreement between the EFTA countries and Israel dated 01/01/1993, the free trade agreement between EFTA and the Palestine Liberation Organization dated 01/07/1999 and the Technical Arrangement¹⁶⁹ from 2005 between EFTA states and Israel regarding proof of origin issued in connection with the free trade agreement and the bilateral agricultural agreement.

The EFTA-Israel agreement gives reduced customs rates for a number of goods from Israel. The EU has repeatedly noted that Israeli goods produced in settlements will not be eligible for reduced customs rates under the free trade agreement between the

The EU has repeatedly noted that Israeli goods produced in settlements shall not be subject to reduced customs under the free trade agreement between the EU and Israel.¹⁷⁰

EU and Israel.¹⁷⁰ This was confirmed by the European Court in 2010.¹⁷¹ This also applies to the agreement between EFTA and Israel.¹⁷² In 2005, a Technical Arrangement was approved by the EFTA states and Israel as an appendix to the free trade agreement between EFTA and Israel, in which it was agreed that goods from settlements would be labelled with the postcode of the city, village or industrial area in which the goods had achieved their "status of origin."¹⁷³

EFTA implemented this scheme approximately six months after the scheme had been implemented by the EU. Through this solution in which accompanying documents from Israeli exporters would be labelled only by the postcode or name of the production site instead of being clearly labelled to show that the goods originated from a settlement in the West Bank, the burden falls on the recipient country to ensure that it does not provide any customs preferences to goods from settlements.

The European Commission has prepared an overview of Israeli postcodes and the places that fall within the Israeli borders pre-dating 1967 and the ones situated in occupied territories. This list was confidential until April 2012. In February 2012, a draft bill was presented and approved by the European Parliament with the aim of simplifying the EU Technical Arrangement with Israel.¹⁷⁴ On 03/08/2012, the European Commission sent a warning to importers. This resulted in the postcode list being published and the responsibility for checking the origin of the goods was

extended to include importers as well as customs authorities.

The recipient countries and not the Israeli government and exporters are still responsible when it comes to checking whether imported goods originate from Israel or a settlement. This means that Israeli exporters and customs authorities can continue to state that goods from occupied territories originate from Israel, provided they also state the postcode so that importers are able to verify whether the goods originate from a settlement or not.

Below we will take a closer look at Norwegian guidelines and policies within this area.

6.6.3 Customs and free trade: Norwegian policies

As shown above, goods from Israeli settlements shall not be subject to reduced customs when imported to Norway. We have attempted to obtain confirmation from the Norwegian government regarding the policies on customs processing for such goods in Norway, whether there is any control of customs processing for settlement goods and whether the EU overview of postcodes in Israel and occupied territories is available to Norwegian importers.

We contact the Norwegian Ministry of Finance to confirm the Norwegian government's standpoint with regard to customs processing of settlement goods. The response from the Norwegian Ministry of Finance states that the Directorate of Norwegian Customs (TAD) is the responsible supervisory

authority and that the directorate will not grant customs exemptions in cases where there is indication that the goods originate from Israeli settlements. In an e-mail from April 2015, the ministry confirms that Norway works in line with the EU on this matter and states:

"The Norwegian Ministry of Finance would like to note that the EEA and EU Ministers have made it clear that the EFTA free trade agreement with Israel is valid only for the territory that was under Israeli control and internationally recognised from before the Six-Day War, i.e. before 4 June 1967. Goods originating from Israeli settlements in occupied territories in the West Bank, East Jerusalem and Golan must therefore not be exempted under the free trade agreement with Israel."¹⁷⁵

The Ministry notes that Norwegian importers have a duty to document that customs-exempt imports are in accordance with the free trade agreement and that Israeli origin must be documented using certificates of origin, including information about the Israeli city or industrial zone.¹⁷⁶ The Norwegian Ministry of Finance also confirms that goods from Israeli settlements are also not covered by the EFTA free trade agreement with the PLO/Palestinian authorities.¹⁷⁷

In January 2015, we contacted the Directorate of Norwegian Customs (TAD) to ask how the customs processing of settlement goods is carried out in practice. In an e-mail dated 28/04/2015, TAD confirms that it agrees with the Norwegian Ministry of Finance's interpretation of settlement goods not being subject to customs

exemptions under the EFTA-Israel agreement. When asked how TAD believes that goods from settlements should be declared, the directorate responded in an e-mail on 13/03/2015:

“As previously mentioned, Norway uses a self-declaration principle. This means that an importer/customs clearance agent must declare the agreement under which goods are imported and that the customs authority will carry out random sampling. *How goods from settlements are declared depends entirely on how the Norwegian importers choose to declare them.*”¹⁷⁸ (our emphasis).

We have also attempted to establish whether Norwegian Customs carry out checks on goods from Israel to determine if any of them have been declared as originating from a settlement. In an e-mail dated 27/02/2015, TAD states that it could not say whether Norwegian Customs carried out checks on the import of settlement goods or whether it had discovered any settlement goods.

In an e-mail dated 27/04/2015, the Directorate also states: “Norwegian importers pay customs using an electronic customs system, TVINN, here goods will be declared in accordance with the self-declaration principle. Of all the declarations that are managed via the Tvinn system, we check around five percent. As such it is possible that incorrect declarations get through.”

The European Commission has produced an overview of the postcodes belonging to settlements and the ones belonging to places in Israel. This list can be used to

establish whether goods originate from Israel or a settlement in the occupied Palestinian territories. The list was published in connection with the EU Commission issuing a notice to importers, extending the responsibility for verifying product origin to include importers as well as customs authorities.

We asked TAD whether it had communicated this notice to Norwegian importers or if it had made the list of postcodes publicly available. In an e-mail dated 02/02/2015, TAD stated that it had not done this as it was waiting for feedback from the Ministry of Foreign Affairs before publication. As a response to subsequent inquiries from the Norwegian Union of Municipal and General Employees and Norwegian People’s Aid, the Ministry of Foreign Affairs stated on 10/08/2015 that it has no objections to TAD publishing/creating a link to the EU postcode list on its website. The Ministry of Foreign Affairs also states that it has informed the Ministry of Finance of this.

As there are several examples of goods from settlements being labelled with Israel as the country of origin, it is unclear how importers have been able to tell whether goods originate from Israel and not a settlement when the Norwegian government and EFTA seemingly have not disclosed the postcode list prepared by the EU.

This means that we cannot rule out that goods from Israeli settlements have benefited from preferential customs rates intended for goods produced in Israel (covered by the free trade agreement between EFTA and Israel). Applicable

EFTA (and EU) regulations place an unrealistic responsibility on individual member states to ensure that goods from Israel are processed based on the correct free trade agreement. In spite of this, the Norwegian government is responsible for ensuring compliance with agreements and that checks are carried out to ensure that settlement goods do not benefit from preferential treatment.

6.6.4 Debate concerning import stops

Lobbying activities are ongoing both at national level and in Brussels to reduce the import of settlement products to Europe. In the Trading Away Peace report from 2012, issued by 22 European organisations including Norwegian People’s Aid, one of the recommendations was that it should not be possible to import goods from settlements to Europe.¹⁷⁹ The Irish Minister of Foreign Affairs and Trade, Charles Flanagan, confirmed in December 2014 that Ireland would support a complete ban against settlement goods in the EU. He also noted that it is currently not possible to secure support for such a proposal in the EU.¹⁸⁰

The EU has also made certain moves against specific product groups from settlements. In May 2014, the EU decided to ban the import of poultry and eggs from settlements. The official reason was not a desire to end trade with settlements but that the EU does not recognise the Israeli Department of Agriculture’s veterinary supervisory authority in occupied Palestinian territories. The EU therefore concluded that poultry from settlements did not fulfil the health requirements for import.¹⁸¹

Graffiti by the famous English artist Banksy. Banksy operates under a pseudonym and has created a series of satirical murals with motives from Palestine. Photo: Massimiliano Gianì / Flickr.



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Recommendations

Below you can find our recommendations to the Norwegian government, Norwegian businesses and private individuals with regard to trade that supports illegal settlement activities.

Recommendations for the Norwegian government

- i. The Norwegian government should be an active driving force in establishing regulations to prevent the importing of settlement goods to Europe.
- ii. In anticipation of regulations to prevent importing of settlement goods, the Norwegian government must actively contribute to processes carried on a European level to place more of the responsibility for clear labelling of origin on the Israeli authorities.
- iii. The Norwegian government must ensure that statistics on imports from Israel, from Israeli financial operations in the occupied territories and areas controlled by the Palestinian National Authority are generated in a way that makes it possible to read data from Statistics Norway with regard to the volume and value of goods imported from the respective areas.
- iv. The Norwegian government must ensure that the customs authorities have the necessary resources to carry out checks on goods imported from Israel. The government must ensure that goods labelled using postcodes from settlements in occupied territories do not benefit from lower customs rates under the agreement between EFTA and Israel. The Norwegian government must also provide clear guidelines as to how and to what extent such checks will be carried out.

Recommendations for Norwegian companies and importers

- i. Norwegian companies and importers should cease trade with companies that undertake production activities in settlements and associated industrial zones or that otherwise contribute to the violations of international law and human rights in the occupied Palestinian territories.
- ii. Norwegian companies and importers should cease trade of goods produced in Israeli settlements and associated industrial zones in the occupied Palestinian territories.

Recommendations for private individuals

- i. We encourage people not to buy goods produced in the occupied Palestinian territories. We also encourage people not to buy goods from companies that carry out production activities in the settlements, regardless of whether or not the goods sold in Norway have been produced in a factory in a settlement.

7. INSTITUTIONAL AND BUSINESS COLLABORATION

There are several examples of business and research collaborations between involved Norwegian and Israeli parties contributing to the violations of international law and human rights.





An Israeli settlement outside of the Palestinian city of Bethlehem in the West Bank, 2012. (Photo: Ingvild Skogvold)

7. Institutional and business collaboration

In this chapter we have gathered several examples of institutional collaboration and business collaborations between Norwegian and Israeli stakeholders contributing to the violations of international law and human rights.

7.1 EU Framework Programme for Research and Innovation

Both Norway and Israel are part of the EU Framework Programme for Research and Innovation. Norway has participated in the EU framework programme since 1994. The EU's seventh framework programme for research ran from 2007 to 2013. The EU's eighth framework programme, Horizon 2020 is now under way and has a duration of seven years. Horizon 2020 has a budget exceeding 80 billion euros.

Norway's participation is set down in the EEA agreement, providing Norway with the same rights and obligations as EU member states. The Norwegian government pays a participation fee of 8.9 billion Norwegian kroner.¹⁸² Together with Switzerland, Israel is one of two countries participating in these programmes through bilateral agreements. Israel has been an associate member of the EU research and innovation programme since 1996. Public and private sector institutions from Israel participated in more than 1,500 projects under the FP7 programme. Israeli participants received around 780 million euros in research funding and the Israeli government contributed 530 million euros to the research collaboration.¹⁸³

On 19/07/2013, the EU adopted guidelines setting down that EU funds would not go to parties registered in settlements or to fund activities in settlements.¹⁸⁴ The guidelines make it clear that any agreement between Israel and the EU must include a territorial clause stating that the agreement does not apply to settlements in the West Bank, Jerusalem or Golan Heights.

This resolution resulted in Israel threatening not to participate in the Horizon 2020 programme, which would have resulted in Israeli research institutions and high-tech companies losing research and development funding of 500 million euros.

The parties eventually reached an agreement. The agreement meant that Israel could enclose a document with the agreement explaining that it disagreed with the guidelines from a legal and political perspective.

The EU and Israel also agreed that Israeli parties with operations in connection with settlements could be considered for EU funding. In such cases it would be necessary for the Israeli party to have a system in place

to ensure that the EU funding is used only within internationally recognised borders.¹⁸⁵

On 08/06/2014, the President of the European Commission, José Manuel Barroso, and the Israeli Prime Minister, Benjamin Netanyahu, were therefore able to sign an association agreement for Horizon 2020.

On 19/07/2013, the EU adopted guidelines that ratified that EU funds should not go to parties registered in settlements or to fund activities in settlements.¹⁸⁴

Israeli-Norwegian collaboration under the EU Framework Programme for Research and Innovation

FP7: The seventh EU Framework Programme for Research and Innovation

Israeli and Norwegian stakeholders collaborated on a total of 196 projects under FP7, the previous framework programme for research and innovation. Since this refers to the previous framework programme, the majority of the projects have now been concluded.

Below you will find examples of projects in which Norwegian participants have collaborated with parties that contribute to the violations of international law and human rights in the occupied Palestinian territories.

Project name	Duration	Norwegian participant	Israeli participant	The reason for the collaboration being considered problematic.
Cybersecurity on SCADA (COCKPITCI)	01/01/2012–31/12/2014	Lyse Energi AS	The Israel Electric Corporation Limited (IEC)	IEC manipulated the power supply to the Gaza Strip in 2008 and plans and develops infrastructure for the electricity supply for Israeli settlements.
Public Perception of Security and Privacy (PACT)	01/02/2012–31/01/2015	PRIO, Institutt for fredsforskning	Ministry of Public Security	The Ministry is located in occupied East Jerusalem.
Personalised Centralized Authentication System	01/10/2013–30/09/2016	Norsk Regnesentral	Afcon Control & Automation Ltd.	Afcon Control and Automation has supplied metal detectors to Israeli checkpoints in the occupied Palestinian territories. The company also supplies services to the Israeli military and prison authorities.
SKIN TREAT	09/01/2008–31/08/2012	SINTEF	Ahava Dead Sea Laboratories Ltd.	The cosmetics producer Ahava creates products that contain clay and minerals from the Dead Sea in the occupied Palestinian West Bank. The company's factory and visitor centre are situated in the Israeli settlement of Mitzpe Shalem by the Dead Sea in the occupied West Bank.
European biodiversity observation network (EBONE)	04/01/2008–31/03/2012	Norsk Institutt for Naturforskning (NINA)	Israel Nature and National Parks Protection Authority	Administers and controls national parks both in Israel and in the West Bank. In March 2015, Israel Nature and National Parks Protection Authority was behind the demolition of EU-funded shelters in East Jerusalem. The demolition was condemned by the EU. ¹⁸⁶

“We want to establish separate procedures during the application phase in order to check whether potential Israeli project partners carry out activities in the occupied territories.”

The Norwegian Union of Municipal and General Employees and Norwegian People’s Aid have made these Norwegian parties aware of the Israeli partners’ violations. In those cases where the project has been completed, we encourage the various parties to ensure that, in future collaborations under the EU framework programme for research, they do not participate in projects together with parties that contribute to the violations of international law or human rights. In those cases in which the project is ongoing, we encourage the Norwegian participant to terminate the project if the Israeli partner fails to discontinue its violations.

SINTEF has stated the following to the Norwegian Union of Municipal and General Employees and Norwegian People’s Aid:

“SINTEF was invited to join the EU project ‘Skin Treat’ in 2007. The Israeli coordinator was registered with an address in Tel Aviv and SINTEF was not aware of the party carrying out any activities in the occupied territories. At the time, participation was in line with EU regulations. From 2013, the EU policy has become stricter and the Research Council of Norway has subscribed to the same line so that research projects that they fund cannot involve Israeli parties with activities in the occupied territories. SINTEF has implemented similar policies and practices.

We want to establish separate procedures during the application phase in order to check whether potential Israeli project partners carry out activities in the occupied territories.”¹⁸⁷

The Norwegian Union of Municipal and General Employees and Norwegian People’s Aid believe that SINTEF is setting a good example in wanting to establish its own procedures to check whether future project partners carry out activities in occupied territories. We encourage other Norwegian institutions to follow suit.

According to PRIO, the Ministry of Public Security (MPS) has not been a participant in the Public Perception of Security and Privacy (PACT) programme, in which PRIO acted as the Project Manager from March 2014. PRIO has stated the following to the Norwegian Union of Municipal and General Employees and Norwegian People’s Aid:

“MPS was a member of the PACT consortium which in 2011 applied for funding from the European Commission. This is reflected in the CORDIS listing you are referencing. The application was granted but MPS withdrew from the consortium in February 2012, before the project had started. For reasons of pure administrative delay, the resignation did not become fact before 17 June 2012.

MPS did not accept funding from the EU in connection with the PACT project and was not able to participate in research activities under the PACT project. PRIO researchers have otherwise never had any contact with MPS. ”

PRIO also states that there was “disagreement concerning the EU’s administrative regulations, resulting in their withdrawal.”¹⁸⁸

The Norwegian Union of Municipal and General Employees and Norwegian People’s Aid believe that this demonstrates the importance of Norwegian institutions, from the beginning and at their own initiative, taking responsibility for assessing whether project partners carry out activities in the occupied territories or otherwise contribute to the violations of international law or human rights.

Like SINTEF, PRIO should develop a separate procedure for this.

Norsk Institutt for Naturforskning (NINA) said that it found it difficult to envision any general limitation of relevant project partners in future projects, under Horizon 2020 for example. NINA also notes that the suitability of any partner to the project must be assessed and that ethical considerations such as human rights must be included as relevant. They also note that ordinary project participants have limited manageability and will only have the opportunity to withdraw from the project if such values-based questions are realized. They also note that guidelines are necessary but not sufficient in this area as there is also a need for available and up-to-date information to allow Norwegian and European institutions to correctly assess such matters.¹⁸⁹

Norsk Regnesentral (NR) made the following comment: “The project is managed from Portugal and NR has had little influence as to the other project participants. NR has not invited Afcon to be a partner in the project. This is a research project that has been assessed

and approved by the EU based on the professional and ethical criteria used by the EU at any time. The project does not grant any commercial rights to Afcon that can be used as part of other activities. NR is not familiar with Afcon's operations and does not have the opportunity to withdraw from the project at this time. The project is small and we do not believe that we will gain insight into or influence over Afcon's general operations via the project.¹⁹⁰

Horizon 2020: The eighth EU research framework

When the editorial research for this report concluded in May 2015, the overview of Norwegian participation in Horizon 2020 had not yet been published. It will be possible to apply for funding and participate in projects continuously for the duration of the framework programme and the approved projects will be published during the process.

We have shown above that Norwegian participants in the previous framework programme for research, FP7, have collaborated with parties that contribute to serious violations in the occupied Palestinian territories. Even though the EU has adopted guidelines for Israeli participation applicable from and including Horizon 2020, we believe that there is also a risk of Norwegian parties entering into such problematic collaborations under this programme. This is because the new guidelines from the EU only take into account where Israeli parties are registered and where they will implement various activities but

do not consider whether companies or institutions contribute to the violations of international law and human rights. There is therefore a risk of Norwegian companies collaborating with parties that contribute to serious violations via the Horizon 2020 programme.

This is evidenced by the company Elbit Systems being a partner in an approved Horizon 2020 project.¹⁹¹ According to the Palestinian organisation Stop The Wall, Elbit Systems had applied for funding for at least nine projects via the Horizon 2020 programme as of March 2015. Elbit was excluded from the Norwegian Government Pension Fund Global (SPU) due to providing supplies for the illegal wall built by Israel on Palestinian land. One of the projects consists of the development of the Laser Gated Imaging (LGI) technology. This technology is used for military applications and there is a great probability that it would be used for the maintenance of the illegal Israeli wall and settlements in the occupied territories.¹⁹²

The European Commission has said that Horizon 2020 funding can be used only for research for civilian purposes. But Elbit's LGI technology is an example of such technology having "dual use," i.e. the technology can be used for both civilian and military purposes.

There is a risk of technology developed using EU funding being transferred to activities that constitute a serious infringement of international law and human rights. The EU funding also contributes to the company's operations and solvency. Regardless of the contents

of the projects, Elbit and other companies that contribute to the violations of international law and human rights should therefore not receive funding from the EU framework programme for research and development.

Even if the EU guidelines are a step in the right direction, we still see a need for the Norwegian government to establish its own guidelines for Norwegian participation in the EU framework programme for research. This is necessary to ensure that Norwegian parties do not collaborate with parties that contribute to the violations of international law and human rights.

7.2 Zenitel Norway and Stentofon Israel

The Norwegian company Zenitel Norway is best known for the Stentofon brand. Zenitel supplies communication systems to Stentofon Israel. On its website, Stentofon Israel writes that it is Zenitel's exclusive representative in Israel. Stentofon Israel sells products to the Israeli military and the Israeli Ministry of Defence. According to Who Profits, the company's Vice President Avi Budara confirmed in 2009 that the systems were used in the Israeli settlement of Ariel in the occupied West Bank.

Zenitel Norway has told us that it sells products to Stentofon Israel for around NOK 2-3 million each year. When we asked whether Zenitel Norway has guidelines in place with regard to financial relationships with Israeli settlements in the occupied territories, the company said: "As a company, Zenitel always takes precautions when it comes to who we sell our equipment to.

When it comes to Stentofon Israel, we have had a business relationship for more than twenty years and they have sold our critical communication solutions across all of Israel for all of this time. They have followed us from our analogue systems over to our now more modern IP-based communication systems.

Zenitel Norway AS has no direct links with Israeli settlements and end customers in Israel in general, all local matters are handled through our business partners. We receive orders for equipment in Norway, invoice, dispatch goods and receive payment for the goods."

Zenitel Norway says that it has addressed these issues with Stentofon Israel on several occasions. According

to Zenitel Norway, the Israeli company responds that it is not aware of the equipment being installed in settlements but that they have numerous partners in their system and that they do not have a complete overview of the exact locations where the equipment is installed. The response given by the company to Zenitel Norway contradicts a statement made by Vice President Avi Budara in 2009 confirming that the systems are used in the Ariel settlement.

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid recommends that Zenitel Norway enters into an agreement with Stentofon Israel under which the company is not permitted to sell Zenitel Norway's communication systems to settlements. This agreement should also include a demand for Stentofon Israel to carry out due diligence with regard to the sale of Zenitel's communication systems to the Israeli military and the Ministry of Defence to ensure that the equipment does not contribute to the violations of international law and human rights.

7.3 Elbit and Nicarnica

The Norwegian company Nicarnica was established in 2010 and has been in operation since 2012. It currently has six employees and receives funding from the Norwegian Institute for Air Research. Nicarnica has developed a technology for use in civil aviation, intended to contribute to increased security by notifying pilots if they are about to enter airspaces contaminated by volcanic ash.

In 2012, Nicarnica entered into an agreement with Airbus. Since the Nicarnica technology works best with Enhanced Vision Systems (EVS) technology, Nicarnica signed a letter of intent with Elbit Systems on 15 July 2014.

In the letter, Elbit Systems and Nicarnica agree to enter into an exclusive collaboration for the purpose of implementing Nicarnica's technology

for the tracking of volcanic ash using Elbit's EVS cameras.¹⁹³

The Norwegian Union of Municipal and General Employees and Norwegian People's Aid have encouraged Nicarnica to discontinue the collaboration with Elbit. In the dialogue with Nicarnica, we have informed the company that Elbit Systems was excluded from the Norwegian Government Pension Fund Global (SPU) in 2009 due to deliveries to the illegal separation wall.

We also informed them that Elbit Systems has supplied unmanned aircraft to the Israeli military that have been used in the West Bank and Gaza. Elbit drones of the type Skylark and Hermes were used in the attacks against Gaza during the summer of 2014, killing 2,151 Palestinians (1,462 civilians) and making 100,000 people homeless.¹⁹⁴

In a meeting with the Norwegian Union of Municipal and General Employees and Norwegian People's Aid in October 2014, Nicarnica noted that it had yet to enter into a binding agreement with Elbit and that it would make its final decision about the EVS technology supplier during 2015.

In June 2015, it became known that Elbit had received European funding to develop the integration of Nicarnica's technology for the tracking of volcanic ash using Elbit's EVS cameras.¹⁹⁵

Recommendations

Below you can find our recommendations to the Norwegian government, organisations, institutions and businesses based on institutional and business collaboration that supports the violations of international law and human rights.

Recommendations for the Norwegian government

- i. The Norwegian government should introduce separate guidelines for Norwegian participation in the EU framework for research to ensure that Norwegian participants do not collaborate with parties that contribute to the violations of international laws and human rights.

Organisations, institutions and business

- i. Norwegian organisations, institutions and companies should avoid collaboration in business, culture and research with parties that contribute to the violations of international law and human rights in the occupied Palestinian territories.

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Annex I

List of companies SPU invests in and that contribute to the occupation through their operations

The Israeli organisation Who Profits has established a database of companies that operate in the occupied Palestinian territories and that contribute to the occupation through their operations. As of March 2015 more than 530 companies have been added to this database. As part of our work, we have checked the companies, international and Israeli, against the SPU shareholding report as of 31/12/2014 and ended up with a list of 41 companies in which SPU invests. As previously mentioned, this is also the list we have used when checking the fund portfolios of the 13 Norwegian banks and fund managers we have investigated.

Alon Blue Square (Israel)

Alon Blue Square owns Dor Alon, a company that has the monopoly on the supply of gas and petroleum to the Gaza Strip. Dor Alon also has a number of petrol stations and corner shops in various Israeli settlements in the West Bank. Among other things, Alon Blue Square operates the Mega supermarket chain. The chain has facilities in settlements in the occupied West Bank.
www.bsi.co.il

Alstom (France)

See box on page 57.

Azrieli Group (Israel)

The company Sonol is part of the Azrieli Group via Granit HaCarmel Investments. Sonol distributes refined petroleum products, oil and energy-related products and runs a chain of 235 petrol stations and more than 165 grocery stores. The company has several petrol stations and grocery stores in Israeli settlements in the West Bank, East Jerusalem and the Golan Heights.

Bank Hapoalim (Israel)

See box on page 61.

Bank Leumi (Israel)

See box on page 61.

Bezeq (Israel)¹⁹⁶

Israel's largest telecommunications company. The company supplies telecommunication services to all Israeli settlements, military bases and military checkpoints in the West Bank and Israeli settlements in the Golan Heights. The company has developed infrastructure for telecommunication in the West

Bank and the Golan Heights. Additionally, its wholly owned subsidiary, Pelephone Communications has erected nearly 200 aerials and other telecommunication infrastructure on occupied land in the West Bank and Golan Heights and supplies mobile communication to Israeli settlers and soldiers in the occupied territories. The company also owns YES, which supplies satellite broadcasting to some military checkpoints and all Israeli settlements.
www.bezeq.co.il

Caterpillar (USA)

See box on page 59.

Cellcom Israel (Israel)¹⁹⁷

Israeli mobile service supplier. The company has erected nearly 200 masts and other telecommunication infrastructure on occupied land in the West Bank and Golan Heights. The company supplies mobile communications to settlers and soldiers in the occupied territories. The company also benefits from the structural advantages Israeli mobile suppliers enjoy compared to Palestinian competitors in the Palestinian market.
www.cellcom.co.il

Cemex (Mexico)

See box on page 58.

CNH Industrial (the Netherlands)

Manufactures machinery used for construction work. The company's products are used in the development of settlements, the wall and military checkpoints in the West Bank. Machinery manufactured by the company has also been used for the demolition of homes and to remove trees from Palestinian land in the West Bank.
www.cnh.com

Delek Group (Israel)

The Delek Group owns 76.16 percent of the shares in Delek Israel Fuel via its wholly owned subsidiary Delek Petroleum. Delek Israel Fuel owns and operates the Delek chain of petrol stations and Menta corner shops with branches in multiple settlements in the West Bank. In July 2013, the company won a tender to supply fuel services to the Israeli Ministry of Defence and the Israeli army over the next three years. Delek will distribute petrol and diesel via its civilian petrol stations across the entire country and via the distribution of fuel tanks to various military bases. The company also supplied fuel for construction projects in the Karmel settlement. www.delek.co.il

Dexia Group (Belgium) / Dexia Credit Local (France)

See box on page 61.

Electra (Israel)

Electra is a conglomerate of Israeli and international companies. One of the subsidiaries, Katzenstein Adler, operates in the Barkan industrial zone, an Israeli settlement in the occupied West Bank. Another subsidiary, Electra Construction, has been involved in the construction of residential housing projects in settlements in the West Bank. The company also owns Ariel Properties, which has a subsidiary called Ariel Promol Malls Management that markets and operates a shopping centre in Ramot, a settlement region in Jerusalem. Electra is controlled by Elco Holdings, which owns 58.96 percent of the company's shares. www.electra.co.il

First International Bank of Israel (Israel)

See box on page 61.

Ford Motor (USA)

Ford Motor manufactures and distributes cars to six continents and has 70 factories worldwide. Vehicles from the company are used in the "Caracal" unit of the Israeli military. Caracal is a combat unit patrolling the occupied part of the Jordan Valley, areas in the West Bank near the segregation wall and the border between Israel and Egypt. In 2003, Ford's F550 lorries were retrofitted by the Hatehof company to become armoured personnel vehicles for use by the Israeli army in the West Bank. In June 2012, F550 lorries were documented in close proximity to the Susya settlement during a non-violent demonstration.

G4S (United Kingdom)

See box on page 60.

General Mills (Pillsbury) (USA)

The company manufactures frozen dough products. One of the factories is situated in Shalgal in the Atarot industrial zone, a settlement in the occupied West Bank. The company exports products from this factory internationally. The Israeli branch is owned by General Mills (USA) and Bodan Holdings. www.generalmills.com

Gilat Satellite Network (Israel)

The company supplies services for satellite communications. The company's aeriels are installed in military checkpoints in the West Bank. The company's branches include Gilat Network Systems (GNS), Spacenet and Spacenet Rural Communications. www.gilat.com

Heidelberg Cement (Germany)

See box on page 49.

Hewlett-Packard (USA)

See box on page 50.

Hyundai Heavy Industries (South Korea)

Hyundai Heavy Industries (HHI) is the world's largest shipyard and one of the five heavy industry manufacturers. Hyundai's excavators have been used in numerous demolitions of Palestinian homes in East Jerusalem and the South Hebron Hills. The company's excavators have also been documented during development activities in a settlement and an Israeli industrial zone in the West Bank.

IDB Holding Corp (Israel)

IDB Holdings Corporation Ltd. is the parent company of IDB Group. IDB Group is a conglomerate of Israeli and international companies. The Group controls Cellcom (which operates in the occupied territories), Discount Investment Corporation (the company controlling Maxima Air Separation Center, which operates a factory in the Mishor Edomim settlement), Makhteshim-Agan Industries (the parent company of FiberTech, which is situated in the Karnei Shomron settlement) and Shufersal (a supermarket chain with branches in settlements in the West Bank).

Israel Discount Bank (Israel)

See box on page 61.

Jerusalem Economy (Israel)

The company owns and rents out property to commercial parties in the West Bank and Golan Heights. Among other things, it owns building stock totalling more than 58,000 square metres in the Mishor Adumim industrial zone and

74,000 square metres in the Atarot industrial zone. The company is one of the majority shareholders in Industrial Buildings Corporation, which owns and rents out industrial premises in the West Bank and Golan Heights.
www.jec.co.il

Kardan NV (the Netherlands)

Kardan NV is a Dutch group of investors. The company owns 54 percent of Tahal Group International, an Israeli engineering firm specialising in water and sewage systems. Tahal has developed the main plan for the Jerusalem waste and water treatment system. When finished, the system will serve the north-eastern settlement neighbourhoods in Jerusalem (Neve Ya'akov and Pisgat Ze'ev) and surrounding settlements, including Giv'at Ze'ev and Beithar Iilit, Ma'aleh Adumim, Adam, Anatot and Mitzpeh Yericho. The Tahal plan comprises the development of a treatment plant in the Nabi Mussa region of the occupied Jordan Valley. A plot with a size of 200 duman on Palestinian land will be used for ventilated lagoons. A reservoir used to treat sewage water from date trees from settlement farms in the occupied Jordan Valley has also been included in the plan.
www.kardan.com

L-3 Communications Holdings (USA)

L-3 Communications is a supplier of "homeland defence" products and services. The company supplied the SafeView scanners for the Erez military checkpoint in the Gaza Strip via Hashmira/G4S¹⁹⁸ and the luggage scanners for military checkpoints in the West Bank through Eltel Technologicals. Subsidiaries include PARAMAX Systems Corporation, Raytheon Intelligence and Information Systems, Titan Corp., L-3 Communication Combat Propulsion Systems and L-3 Communications MAPPS.
www.L-3Com.com

MAN Group (United Kingdom)

One of Europe's largest companies for commercial vehicles, engines and machine technology. The company supplies the undercarriage for the vehicle that transports "Skunk," a weapon used for crowd control. "Skunk" is produced by Odortec.
www.man.com

Manitou (France)

Produces machinery and equipment for the construction and civil engineering industry. The company's cranes have been used for the development and maintenance of the wall in the occupied West Bank.
Website: www.manitou.com

Mitsubishi Motors Corporation (Japan)

A multinational motor company. The Mitsubishi Pajero model has been used by the Israeli Civil Administration to distribute demolition and confiscation orders in area C in the West Bank. The Pajero model has also been used by hundreds of high-ranking officers in the Israeli military since 2007.
www.mitsubishi-motors.no

Mizrabi Tefahot Bank¹⁹⁹ (Israel)

See box on page 61.

Motorola Solutions (USA)

See box on page 51.

Partner Communications (Israel)²⁰⁰

Partner Communications is an Israeli supplier of mobile telephone services. The company has erected more than 320 aeriels and other telecommunication infrastructure on occupied land in the West Bank and Golan Heights. The company supplies mobile communication services to settlers and Israeli soldiers in the occupied territories. The company also benefits from the structural advantages Israeli mobile phone companies enjoy compared to Palestinian competitors in the Palestinian market.
www.orange.co.il

Paz Oil (Israel)

Paz has the monopoly on the sale of oil to the Palestinian Authority (PA) in the West Bank. Paz operates petrol stations in settlements in the West Bank. The PazGas subsidiary supplies gas to households in Israeli settlements. From 2007–2013, Paz has been the main supplier of petrol to the Israeli military.
www.paz.co.il

Rami Levi Chain Stores Hashikma Marketing 2006 (Israel)

The third largest grocery chain in Israel. The company runs five supermarkets in the West Bank and owns more than half of the commercial centres where they have their stores. The company was the developer of the commercial centre in Mishor Edomim. One of the company's parent companies, wholly owned by Rami Levy, controlling shareholder and CEO and the partner in Mega Or Holdings, is planning new shopping centres in the Ariel settlement and occupied East Jerusalem. A Rami Levi supermarket will take up 3,000 square metres of the Ariel shopping centre. The company markets mobile services via the subsidiary Rami Levi Hashikma Marketing Communications. These are based on the network and physical infrastructure of Pelephone Communications, which has stationed hundreds of aeriels

and telecommunication systems on occupied land in the West Bank and Golan Heights.

www.rami-levy.co.il

Shufersal (Israel)

Shufersal is a supermarket chain. The company has built a shopping centre in Mishor Adumim, an industrial zone belonging to the Ma'ale Adumim settlement in the West Bank. The company also has a department in the Gilo neighbourhood in Jerusalem, an Israeli settlement in the occupied West Bank. One of the company's sub-chains, Yesh Supermarkets, has stores in several settlements in the West Bank, including Modi'in Illit and Ariel. The company distributes goods produced in settlements in the West Bank under its own brand, Shufersal. The company sells beans and rice packaged by Maya Foods in the Mishor Adumim industrial zone and Plasto Polish (Barkan) cleaning products produced in the Barkan industrial zone, both Israeli settlements in the West Bank. Shufersal is controlled by IDB Group²⁰¹ (Nochi Dankner, Manor family and Livnat family) and by the Bronfman Group.

www.shufersal.co.il

Siemens (Germany)

Siemens is a conglomerate of engineering companies. The company's systems for traffic monitoring have been installed by their Israeli representative, Orad Group, on roads in the occupied territories on which Palestinians cannot drive without a special permit, including road no. 5 and road no. 443.

www.siemens.com

Terex (USA)

Terex manufactures trucks and construction equipment. Terex lorries have been used for the development of the wall, including on land owned by the Palestinian villages of Nilin and Ras A-Tira and in the construction of the A1 train that runs between Tel Aviv and Jerusalem across land owned by the Palestinian villages of Beit Surik and Beit Iksa in the West Bank. Terex owns Amida Industries, which manufactures floodlights used in construction sites along the wall and in military checkpoints. Equipment from Terex was, for example, used during the construction of the checkpoint by the Ofer prison and detention centre and during the construction of the Deir Sharaf checkpoint in the West Bank.

www.terex.com

Toyota Motor Corporation (Japan)

A multinational motor company. Through its sole supplier in Israel, Union Motors, Toyota supplies vehicles to the Israeli military. Toyota's Hilux model is used by the Israeli

military, police, border police and civilian administration in the occupied Palestinian territories. Hilux vehicles are used by the military for the protection of illegal settlements and military bases in the West Bank and to suppress Palestinian demonstrations and for the demolition of homes.

www.toyota-global.com

Volvo (Sweden)

Volvo manufactures lorries, buses and equipment for the construction and civil engineering industry. The Volvo Group owns 26.5 percent of the shares in the Israeli company Merkavim. Merkavim manufactures buses for the transport of prisoners for the Israeli Prison Authorities. Use of these buses includes the transport of Palestinian prisoners from the occupied territories to Israeli prisons, which contravenes international humanitarian law. Merkavim also manufactures armoured buses as used by Egged for public transport to settlements in the West Bank. Bulldozers and lorries produced by other members of the Volvo Group have also been used in connection with the demolition of Palestinian homes in East Jerusalem and in the development of military checkpoints and Israeli settlements in the West Bank.

www.volvo.com

Von Roll Holdings (Switzerland)

The Swiss energy group Von Roll Holdings owns the Israeli company Von Roll Transformers, which manufactures infrastructure products for power transmission and distribution. One of the company's factories is situated in the Barkan industrial zone in the occupied West Bank.

www.vonroll.com

Annex II

Norwegian banks and fund managers: Ethics and transparency

Bank/Fund Manager	Ethical guidelines	Public overview of funds	Publishes exclusion lists
Alfred Berg	<p>Alfred Berg supports UNPRI, a UN-backed initiative for responsible investments. Alfred Berg has ethical principles for all of its funds managed in Norway with the exception of Alfred Berg Index. The aim of the principles is for Alfred Berg to refrain from investments in companies that permit harmful child labour, forced labour, conscious discrimination based on gender, race, religion or organisation via a union, unreasonable working conditions, breach of international agreements relating to the environment and corruption.</p> <p>Alfred Berg collaborates with the British screening company MSCL ESG Research. The reports are evaluated by the SRI Manager in consultation with the Ethical Investment Committee. The conclusions are implemented in the management process. The companies that are not approved are monitored by way of active dialogue.</p> <p>http://www.alfredberg.no/sites/NO/Om_oss/esg_policy/esg_policy_no.page</p> <p>http://www.alfredberg.no/sites/NO/Om_oss/etich_investments/etich_criteria.page</p>	<p>Yes</p> <p>http://www.alfredberg.no/NO/fundsfinder/index.page?</p> <p>http://www.alfredberg.no/NO/Rapport/Rapportbibliotek.page?</p>	<p>Yes</p> <p>The list applies to Alfred Berg funds managed in Norway except for the Alfred Berg Index fund. The funds also follow SPU.</p> <p>http://www.alfredberg.no/sites/NO/Om_oss/etich_investments/no_ekskl_selskaper.page</p>
DNB	<p>DNB's guidelines for ethical investments aim to ensure that the Group does not invest in companies that are involved in the production of tobacco and/or pornography, anti-personnel mines and cluster munitions or in companies that develop and produce key components for weapons of mass destruction as a substantial part of their operations.</p> <p>The Group also does not wish to contribute to severe or systematic infringement of human rights or employee rights through its investments. DNB will also not contribute to serious environmental damage or severe corruption.</p> <p>The guidelines are based on the UN Global Compact, UNPRI and OECD's guidelines for multinational enterprises.</p> <p>External suppliers are also covered by the guidelines. The ambition is for all new funds from external suppliers that will be offered through DNB solutions to comply with DNB's guidelines for ethical investments.</p> <p>With regard to existing funds, the company will enter into dialogue with the various suppliers and exclude those funds that are unwilling to comply with the regulations.</p> <p>https://www.dnb.no/om-oss/samfunnsansvar/barekraftsbibliotek.html</p>	<p>Yes</p> <p>https://www.dnb.no/privat/sparing-og-investering/fond/kurs-avkastning.html</p> <p>https://www.dnb.no/privat/sparing-og-investering/fond/avkastning-internasjonale-ak-sjefond.html</p>	<p>No</p> <p>DNB does not publish the names of the companies, only the number and exclusion categories.</p> <p>As of 10/02/2015, 52 companies were excluded from the DNB investment portfolios.</p> <p>https://www.dnb.no/om-oss/samfunnsansvar/utelukkelses.html</p> <p>The Group uses its vote at the companies' general meetings to influence the companies in the desired direction. DNB publishes such voting where it goes against the recommendations from the Board of Directors. This is also published in connection with matters of great general interest or special interest to the fund shareholders.</p> <p>https://www.dnb.no/privat/sparing-og-investering/fond/aktivt-eierskap/stemmegeving-generalforsamling.html</p>

Bank/Fund Manager	Ethical guidelines	Public overview of funds	Publishes exclusion lists
<p>Danske Bank (formerly Fokus Bank. Danske Invest is the brand name for all securities in the Danske Bank Group.)</p>	<p>Danske Invest's guidelines for responsible investments aims to ensure that the customer's funds are not invested in companies that violate international principles on corporate social responsibility, such as the UN Global Compact.</p> <p>Danske Bank Group joined the UN PRI in 2010. The company is also one of the founders of Dansif, a network for exchange and discussion relating to SRI issues.</p> <p>http://danskebank.com/SRI</p>	<p>Yes, cf. "products" at danskeinvest.no</p>	<p>Yes</p> <p>http://www.danskebank.com/en-uk/CSR/business/SRI/Pages/exclusion-list.aspx</p>
<p>Gjensidige</p>	<p>Ethical investments are part of Gjensidige's corporate social responsibility. According to the Gjensidige SRI guidelines, financial investments must be made in accordance with internationally recognised criteria for ethical investments within human rights, working life, the environment, corruption and arms.</p> <p>When investing in portfolios in which Gjensidige also invests in individual securities, it will not invest in companies that breach the ethical criteria. When investing in funds managed by others and in which Gjensidige does not determine the framework conditions, Gjensidige must attempt to exert influence to ensure that its criteria are followed. When excluding a company in a portfolio that Gjensidige manages itself, the company concerned must be sold out of the portfolio. A deadline of 30 days shall be granted or as soon as practically possible without excessive costs.</p> <p>Requirements must also be set down for all managers when investing in funds managed on behalf of many clients in addition to Gjensidige to ensure that they will, upon request from Gjensidige, release data showing the underlying investments in the fund per company. This is to ensure that the investments in the fund can be monitored against the exclusion list.</p> <p>https://www.gjensidige.no/konsern/%C3%A5rsrapport/%C3%A5rsrapport-2014/samfunnsansva-ret-v%C3%A5rt#section_4</p>	<p>Yes</p> <p>https://www.gjensidige.no/Privat/Bank+og+sparing/Sparing/Fondssparing/Prospekter</p>	<p>No</p>
<p>Holberg Funds</p>	<p>Among other things, the guidelines state that the Holberg Funds do not wish to invest in companies that consciously violate law in the countries in which they operate or companies that violate internationally recognised conventions. The Holberg Funds does not carry out its own active ethical assessments.</p> <p>The Holberg Funds follows the ethical guidelines of SPU. For global investments in Holberg Global and international shares in Holberg Norden, Holberg Norge and Holberg Rurik, the company will follow the recommendations made by the SPU.</p> <p>http://holbergfondene.no/assets/Etiske-retningslinjer-for-Holberg-Fondene-22-nov-2012.pdf</p>	<p>All of the fund's largest investments will be published in connection with the publication of the monthly report. All total portfolios for the funds will be published in connection with the annual report at the end of February.</p> <p>holbergfondene.no</p>	<p>No</p> <p>The Holberg Funds follows the same guidelines as SPU. If a company is excluded from the SPU, the Holberg Funds will follow up on this in its portfolios.</p>

Bank/Fund Manager	Ethical guidelines	Public overview of funds	Publishes exclusion lists
<p>KLP</p>	<p>KLP joined UNPRI in 2007 and has been participating in the Global Compact since 2003. The ten Global Compact principles have been confirmed as one of KLP's most important values. KLP's CSR strategy and its strategy for responsible investments are based on these values. KLP has also started working on the integration of the principles in its procurement strategy and supplier management. Corporate social responsibility is part of the Group's strategy work, interim and annual reporting. KLP established a corporate social responsibility strategy in 2006. The strategy was most recently updated in 2011.</p> <p>https://www.klp.no/om-klp/samfunnsansvar</p> <p>Companies that are excluded from the KLP portfolio can be linked to severe or systematic violations of international standards, predominantly UN conventions. The exclusion criteria are both behavioural and product-based:</p> <p>https://www.klp.no/polopoly_fs/1.23945.1417438347!/menu/standard/file/Retningslinje%20for%20ansvarlige%20investeringer2014.pdf</p>	<p>Yes</p> <p>klp.no/person/fond</p>	<p>Yes. A list of excluded companies is published twice per year and KLP also publishes public information about dialogue with companies.</p> <p>https://www.klp.no/om-klp/samfunnsansvar/ansvarlige-investeringer/ekskluderte-selskaper</p> <p>KLP also publishes how it votes at general meetings.</p> <p>https://www.klp.no/om-klp/samfunnsansvar/ansvarlige-investeringer/ansvarlig-eierskap#tab7-6774</p>
<p>Nordea</p>	<p>Nordea joined UNPRI in 2007 and also follows the UN Global Compact and OECD guidelines for multinational enterprises. All Nordea funds are screened twice per year to identify any investments in companies known to have committed violation of human rights or international standards relating to employee rights, the environment or corporate ethics.</p> <p>Nordea has adopted ethical guidelines for Israeli-occupied territories. The guidelines are aimed at companies that are directly involved in settlement activities, recovery of non-renewable natural resources from the occupied territories or companies that supply products and services for the security infrastructure in the settlements.</p> <p>As of November 2013, the guidelines had resulted in dialogue with five companies, the monitoring of two companies and exclusion of one company.</p> <p>http://www.nordea.com/About+Nordea/Corporate+Social+Responsibility/We+work+with+sustainability/Responsible+investments/1501902.html</p> <p>http://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/AboutNordea/csr/responsible-investment-governance-annual-report-2011.pdf</p> <p>http://esg.nordea.com/policies/</p>	<p>Yes</p> <p>http://www.nordea.no/Privat/Sparing+og+investering/Fond/Velg+fond/401444.html</p>	<p>Yes</p> <p>http://nordeainvest.dk/Om+Nordea+Invest/Ansvarlige+investeringer/</p> <p>Nordea also follows the SPU exclusion list for Norwegian-registered funds it invests/offers investments in. Liste+over+udelukkede+selskaber/1240392.html</p>
<p>Odinfond</p>	<p>A key element in Odin's analyses is the assessments linked to company attitude with regard to ethical issues and corporate social responsibility. In particular it must assess whether the companies consciously violate basic human rights or undertake production activities that harm the local population or local environment.</p> <p>As an active manager with relatively few companies in its portfolio and investment decisions based on its own analyses, Odinfond focuses on positive selection and governance of ownership in the companies in which it invests. Odin has signed the UNPRI.</p> <p>http://odinfond.no/om-oss/ansvarlig-forvaltning/</p>	<p>Yes</p> <p>http://odinfond.no/vare-fond/aksjefond/</p>	<p>No</p>

Bank/Fund Manager	Ethical guidelines	Public overview of funds	Publishes exclusion lists
Pareto Forvaltning	<p>Pareto joined the UNPRI in 2014. Pareto's ethical guidelines are predominantly based on the SPU guidelines and can be summarised using the following overall mandate: "Pareto Forvaltning will not carry out investments that constitute an unacceptable risk of contributing to unethical actions or omissions. Such contribution could reduce sustainable development and long-term creation of value."</p> <p>Pareto Forvaltning does not invest in companies that independently or via entities they control produce weapons that when used normally violate basic humanitarian principles, produce tobacco, sell weapons and military equipment to governments that SPU does not buy government bonds from or that are involved in gambling or pornography.</p> <p>After an assessment, Pareto may exclude companies when there is an unacceptable risk of the company contributing to or being responsible for severe or systematic infringement of human rights, serious infringement of individual rights in war or conflict situations, serious environmental damage, severe corruption or other especially severe violations of basic ethical standards.</p>	<p>The ten largest investments in each fund are published on the Pareto website. The complete portfolio is published in the company's annual and six-monthly reports.</p> <p>paretoforvaltning.no/Product/Index/6</p>	<p>No</p> <p>Pareto states in the ethical guidelines that it does not normally record its own list of excluded companies beyond those excluded by the SPU investment portfolios.</p>
Skagen Fondene	<p>SKAGEN's ethical guidelines note that they do not knowingly invest in companies that consciously and systematically violate basic human rights, companies that consciously harm the local population or undermine the selected governance of the company's homeland or country of operation, companies that, through a substantial part of their operations, may acquire substantial obligations or incalculable loss from consciously inflicted damage to health or environmental violations, companies that carry out substantial activities within areas that society increasingly seeks to protect against, companies that base their operations on corruption and bribery or companies that produce or sell weapons of mass destruction, land mines or cluster bombs as part of their business.</p> <p>The guidelines are an integral part of SKAGEN's analysis process both before and after investing in securities. SKAGEN emphasises circumstances that may have a substantial impact on the company's value, for example through reputational damage. It also emphasises the intentions and current actions of the company more than it emphasises historical events. SKAGEN obtains information from multiple external suppliers. If it finds that it has invested in a company that violates its ethical guidelines the holdings will be sold. This will be done in such a way that it does not forfeit value for its shareholders. SKAGEN signed the UNPRI principles in 2012.</p> <p>The Skagen funds do not use blacklists and do not operate with negative filtration and exclusion.</p> <p>https://www.skagenfondene.no/Om-oss/Etikkg-selskapsstyring/Etikkg/</p>	<p>Yes</p> <p>skagenfondene.no/Fond-og-kurser/SKAGEN-Vekst/Portefoljeoversikt/</p> <p>skagenfondene.no/Fond-og-kurser/SKAGEN-Global/Portefoljeoversikt/</p> <p>skagenfondene.no/Fond-og-kurser/SKAGEN-Kon-Tiki/Portefoljeoversikt/</p>	<p>No</p>

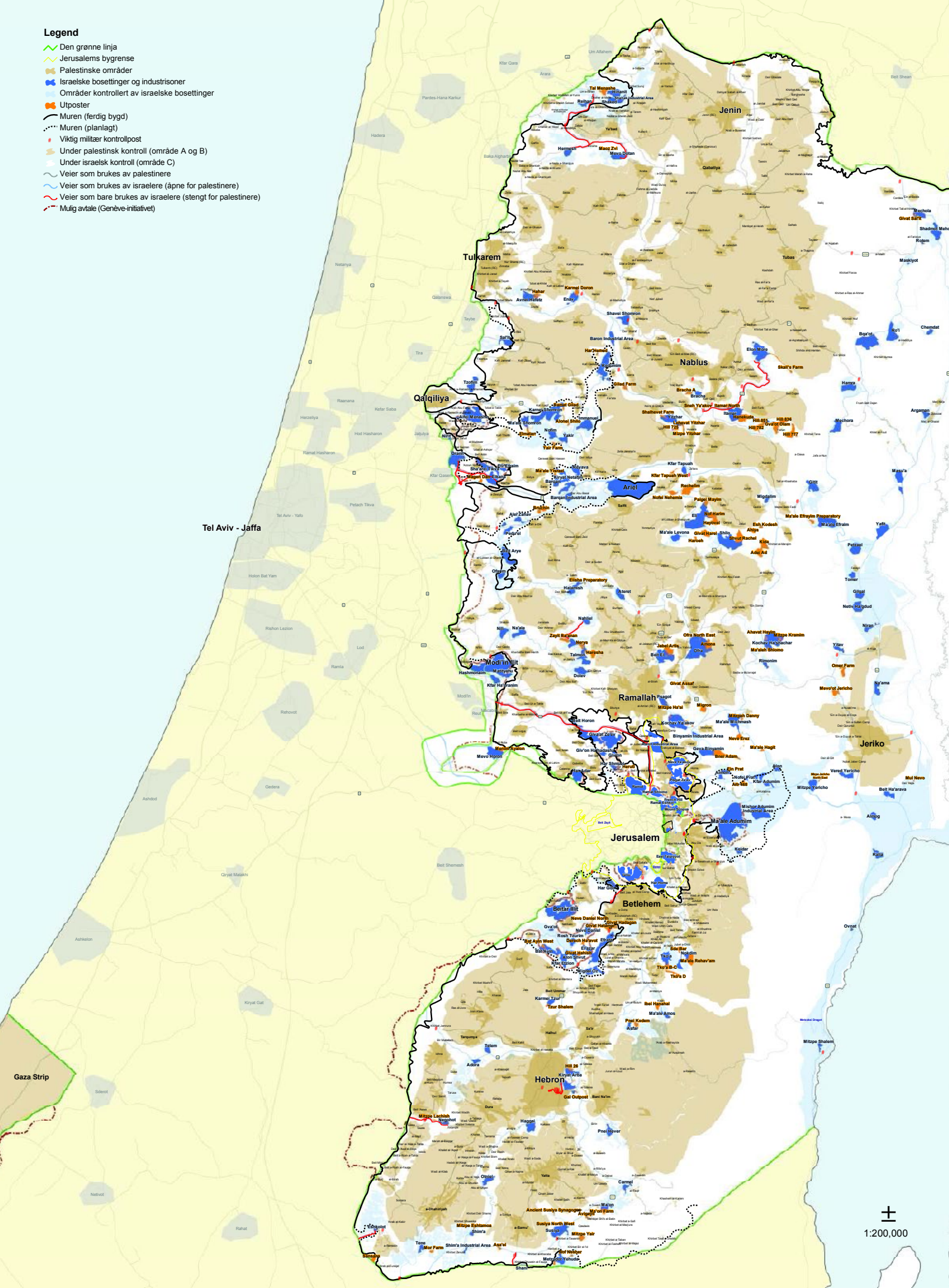
Bank/Fund Manager	Ethical guidelines	Public overview of funds	Publishes exclusion lists
Skandiabanken	<p>Skandiabanken is only a distributor of funds and does not manage any funds itself. It labels funds as "red" (and asks the managers to do the same) when funds include companies on the SPU exclusion list, and provides an explanation. Skandiabanken also removes red funds from its predefined savings packages and recommended lists.</p> <p>http://www.skandiabanken.no/Fond/Etisk-merking/</p>	<p>Yes</p> <p>http://cust.msse.se/se/skandia/no/quickrank</p>	<p>No. Skandiabanken refers to the SPU exclusion list.</p>
Sparebank1	<p>Sparebank1 only enters into collaboration with recognised and reputable managers. Managers must have established overall ethical guidelines. Strict requirements are enforced with regard to existing and potential new managers when it comes to corporate social responsibility. It emphasises both excellent corporate governance and the exclusion of companies that fail to fulfil ethical standards. Corporate governance means that the life companies' managers seek to influence the companies to promote good ethical behaviour. Sparebank1 will contact managers that may have exposure through such companies and will explain its ethical principles. Managers that do not adopt the same principles will lose the management task.</p> <p>http://investor.sparebank1.no/ca.tegory/samfunnsansvar/</p>	<p>No</p> <p>Each fund supplier has its own guidelines for the publication of portfolios, both with regard to dates and the extent of publication.</p>	<p>No</p> <p>Sparebank1 does not yet publish such lists but its exclusion list is based on the SPU exclusion list at all times.</p>
Storebrand	<p>Storebrand strategically works on sustainable investments and exclusion is one of multiple instruments used as part of this work. The motivation to exclude is usually a combination of severity, inadequate clean-up by the company and a risk of repetition. Storebrand excludes investment companies that contribute to the violation of human rights and international humanitarian law, contribute to serious corruption and financial crime, contribute to serious climate and environmental damage, manufacture controversial weapons or components: land mines, cluster munitions, nuclear weapons, chemical/biological weapons, produce and sells tobacco and tobacco products, or are ranked among the poorest in an overall assessment of sustainability performance within high risk industries.</p> <p>Storebrand's minimum standard, the Storebrand Standard, applies to all funds and pension portfolios in which Storebrand makes the decision to invest itself. The requirements apply to both shares and bonds, in Norway and internationally.</p> <p>https://www.storebrand.no/site/stb.nsf/Get/get448d99a5b2466fdb11d6a2c60222d/\$FILE/MinimumStandard.pdf</p> <p>External managers are subject to separate requirements and monitoring of sustainable investments.</p> <p>storebrand.no/site/stb.nsf/Pages/baerekraftige-investeringer.html</p> <p>storebrand.no/site/stb.nsf/Pages/slik-pavirker-vi.html</p>	<p>Yes</p> <p>All funds in the Storebrand fund platform are labelled with a sustainability level, which is Storebrand's evaluation of how sustainable the fund is. The scale goes from 1-10 with 10 being the highest level. The analysis behind the sustainability level is an extensive ranking of companies within the same industry and includes company operations, utilisation of resources, products and services as well as positioning for more sustainable development.</p> <p>storebrand.no/privat/sparing/fondsliste-alle-vare-fond</p>	<p>No. Only the number of exclusions per subject is published (updated quarterly) but customers are given detailed information of exclusions and an evaluation of controversial matters upon request. Storebrand also provides selected examples of companies and cases.</p> <p>As of Q1 2015, 168 companies have been excluded, as well as government bonds from 30 countries.</p> <p>See an overview under "Exclusions" here: storebrand.no/site/stb.nsf/pages/baerekraftige-investeringer.html</p>

Annex III

Israeli settlements in the West Bank

Legend

- Den grønne linja
- Jerusalems bygrense
- Palestinske områder
- Israelske bosetninger og industrisoner
- Områder kontrollert av israelske bosetninger
- Utposter
- Muren (ferdig bygd)
- Muren (planlagt)
- Viktig militær kontrollpost
- Under palestinsk kontroll (område A og B)
- Under israelsk kontroll (område C)
- Veier som brukes av palestinerne
- Veier som brukes av israelere (åpne for palestiner)
- Veier som bare brukes av israelere (stengt for palestiner)
- Mulig avtale (Genève-initiativet)



Endnotes

- ¹ Haaretz, 03/07/2014, “12 more EU countries warn against trade with Israeli settlements.” <http://www.haaretz.com/news/diplomacy-defense/.premium-1.603030>
- ² Facts relating to settlements have predominantly been taken from UN OCHA, *The humanitarian impact of Israeli settlement policies* and Peace Now, Israel
- ³ UN OCHA, *Life, Liberty and Security*
- ⁴ Yesh Din, *Data Sheet*
- ⁵ Including resolutions 446 (1979), 452 (1979), 465 (1980), 471 (1980) and 476 (1980)
- ⁶ UN OCHA, *Humanitarian Atlas, West Bank and Gaza Strip 2011*
- ⁷ The International Court of Justice, *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*, p. 184
- ⁸ Hever, *The Political Economy of Israel's Occupation*, p. 52-53
- ⁹ The background on the industrial zones has predominantly been taken from Anderson, et. al., *Targeting Israeli Apartheid* and peacenow.org.il/eng
- ¹⁰ The number of industrial zones has been retrieved from the State Comptroller's Report no. 62. *Chapter Seven: Industrial Zones in Judea and Samaria and the Rural Sector*
- ¹¹ Swarski quoted in Anderson et al, *Targeting Israeli Apartheid: A Boycott, Divestment and Sanctions Handbook*, p. 91
- ¹² Swarski quoted in Anderson et al, *Targeting Israeli Apartheid: A Boycott, Divestment and Sanctions Handbook*, p. 92
- ¹³ Who Profits, *SodaStream*, p. 6-7
- ¹⁴ Alenat, quoted in Anderson et al, *Targeting Israeli Apartheid: A Boycott, Divestment and Sanctions Handbook*, p. 92
- ¹⁵ Who Profits, *Position Paper: Palestinian Workers in Settlements. January 2013*
- ¹⁶ Haaretz, 11/05/2013, “An Israeli industrial park is a wild West Bank for labor rights”
- ¹⁷ Adumim Industrial Park, *Business Advantages*, <http://www.parkedom.co.il/Advantages> (accessed 24.04.2015)
- ¹⁸ Human Rights Watch, *Ripe for Abuse*, p. 18
- ¹⁹ Agricultural Guiding and Awareness Society et al., *Farming Injustice*, p. 16
- ²⁰ World Bank, *Area C and the Future of the Palestinian Economy*, p. 10
- ²¹ World Bank, *Area C and the Future of the Palestinian Economy*, viii-ix
- ²² Read more about Ahava Dead Sea Laboratories in Chapter 6 on trade
- ²³ Human Rights Watch, *Ripe for Abuse*, p. 1-3
- ²⁴ The International Committee of the Red Cross, *Business and International Humanitarian Law* p. 14
- ²⁵ See Business and Human Rights Resource Centre, *Case Profiles* for an overview of legal proceedings linked to corporate social responsibility
- ²⁶ UN Human Rights Council, *Human rights and transnational corporations and other business enterprises*
- ²⁷ United Nations Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights*, p. 14
- ²⁸ United Nations Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights*, p. 14-15, 20-21
- ²⁹ United Nations Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights*, p. 14
- ³⁰ www.unglobalcompact.org
- ³¹ “Due diligence” in English
- ³² The guidelines that impose responsible management of the supply chain for conflict minerals is used by the USA, DRC and Rwanda. The EU will consider similar regulations in 2015. OECD, *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*
- ³³ More information about the national contact point, including an overview of processed appeals can be found at www.ansvarlignaringsliv.no
- ³⁴ www.unpri.org
- ³⁵ Environmental, Social and Corporate Governance.
- ³⁶ www.norsif.no
- ³⁷ www.etiskhandel.no
- ³⁸ Bama, Coop and ICA Norway are members of the IEH
- ³⁹ UN Working Group on the issue of human rights and transnational corporations and other business enterprises, *Statement on the implications of the Guiding Principles on Business and Human Rights in the context of Israeli settlements in the Occupied Palestinian Territory*, s. 12
- ⁴⁰ UN Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967, *Report of the Special Rapporteur on the situation of human rights in the Palestinian territories occupied since 1967*
- ⁴¹ UN Human Rights Council, *Report of the independent international fact-finding mission to investigate the implications of the Israeli settlements on the civil, political, economic, social and cultural rights of the Palestinian people throughout the Occupied Palestinian Territory, including East Jerusalem*
- ⁴² Nordea has excluded Cemex, Danske Bank has excluded Bank Hapoalim and the pension fund FDC in Luxembourg has excluded nine Israeli banks and American companies due to ties to settlements. The Dutch pension fund ABP has also excluded two Israeli arms manufacturers from its portfolio.
- ⁴³ Electronic Intifada, 13/11/2012, “BDS Roundup: Veolia loses another major contract in UK.” <http://electronicintifada.net/blogs/nora/bds-roundup-veolia-loses-another-major-contract-uk>
- ⁴⁴ See www.facebook.com/boikottsodastream for more information
- ⁴⁵ “No state shall recognize as lawful a situation created by a serious breach within the meaning of article 40, nor render aid or assistance in maintaining that situation.” Responsibility of States for Internationally Wrongful Acts Section 41(2), 2001
- ⁴⁶ Norwegian Ministry of Foreign Affairs, *Næringsliv og menneskerettigheter*
- ⁴⁷ UN Human Rights Council, *Business and human rights in conflict-affected regions: challenges and options towards State responses*
- ⁴⁸ See Business & Human Rights Resource Centre, *National Action Plans*
- ⁴⁹ The Future in Our Hands, Offentlig etikkløshet
- ⁵⁰ Ethical Trading Initiative Norway and the Norwegian Ministry of Children and Equality, *Etiske krav i offentlige anskaffelser*
- ⁵¹ European Group of National Institutions for the Promotion and Protection of Human Rights, *Consultation Response: European Commission's Green Paper on the modernisation of EU public procurement policy*
- ⁵² United Nations Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights*, p. 8
- ⁵³ Taylor, *Mapping and non-conformity analysis: The Government's obligation to protect*, p. 12
- ⁵⁴ Taylor, *Mapping and non-conformity analysis: Statens plikt til å beskytte*, s. 53
- ⁵⁵ Regulations on public procurement, Section 20-12 (2) letter d, cf. supply regulations Section 10-5 (1)
- ⁵⁶ *Representative proposals on interventions to prevent child labour and degrading working conditions*. Document 8:51 S (2014-2015). Norwegian Parliament. <https://www.stortinget.no/no/Saker-og-publikasjoner/Saker/Sak/?p=61677>
- ⁵⁷ Ethical Trading Initiative Norway, 29/04/2015, «Skryt til IEH fra Stortingets talerstol.» <http://etiskhandel.no/noop/page.php?p=Artikler/11943.html&d=1>
- ⁵⁸ Ethical Trading Initiative Norway, Consultation – *NOU 2014:4 Enklere regler – bedre anskaffelser*.
- ⁵⁹ Uniforum, 04/07/2013; UiO avviser vakttenester frå verdas største vaktsselskap”
- ⁶⁰ Norwegian Complaints Board for Public Procurement (KOFA) 24/10/2013, “UiO kan ikke avvise det norske G4S”

- ⁶¹ University of Oslo, 24/10/013, "UiO tar til etterretning avgjørelsen til Klagenemnda for offentlige anskaffelser" <http://www.uio.no/om/aktuelt/pressemeldinger/2013/uio-tar-til-etterretning-avgjorelsen-til-klagenem.html>
- ⁶² The Norwegian Union of Municipal and General Employees, Norwegian People's Aid and the Palestine Committee of Norway, 25/10/2013, "Uakseptabel avgjørelse om G4S", http://www.fagforbundet.no/tema/Solidaritetsprosjekter/?article_id=106299
- ⁶³ Ethical Trading Initiative Norway, 29/10/2013, "Kan man organisere seg bort fra ansvar for brudd på menneskerettighetene?", <http://etiskhandel.no/Artikler/10520.html>
- ⁶⁴ European Coordination of Committees and Associations for Palestine (ECCP), 03/04/2014, *The UN Human Rights Council calls on states and companies to terminate business with the illegal Israeli settlements*, <http://www.eccpalestine.org/the-un-human-rights-council-calls-on-states-and-companies-to-terminate-business-with-the-illegal-israeli-settlements/>
- ⁶⁵ <http://www.norway.org.il/Norsk/Informasjon-til-naringslivet/Naringslivets-samfunnsansvar/#.VcsIT00cS70> The quotes in this chapter have been translated from Norwegian.
- ⁶⁶ "Skriftlig spørsmål fra Truls Wickholm (A) til utenriksministeren". 03/06/2015. <https://www.stortinget.no/no/Saker-og-publikasjoner/Sporsmal/Skriftlig-sporsmal-og-svar/Skriftlig-sporsmal/?qid=62887>
- ⁶⁷ Norwegian Ministry of Foreign Affairs, *En politisk løsning for Vest-Sahara*, <https://www.regjeringen.no/nb/tema/utenriksaker/naringslivssamarbeid-i-utlandet/vest-sahara/id480822/>
- ⁶⁸ *nrc.nl*, 02/12/2013, "Toch Nederlandse steun voor bedrijven in nederzetting Israël" <http://www.nrc.nl/nieuws/2013/12/02/toch-nederlandse-steun-voor-bedrijven-in-nederzettingen-israel/> The quote has been translated from Dutch.
- ⁶⁹ Udenrigsministeriet, 29/01/2013, "Udenrigsministerens reaktion på dadler-kampanjen mot israelske bosættelser", <http://um.dk/da/udenrigspolitik/udenrigspolitiske-nyheder/newsdisplaypage/?newsid=51a35833-210a-418b-a994-431609574261>
- ⁷⁰ Foreign & Commonwealth Office, 01/06/2014, *Overseas Business Risk- Israel*, www.ukti.gov.uk/export/countries/asiapacific/neareast/israel/overseasbusinessrisk.html
- ⁷¹ Fædrelandsvennen, 21/05/2011, "Israelsvenner på Sørlandet betaler ulovlig bosetting".
- ⁷² Vårt Land, 22/06/2014, "Israel-venner fnyser av Ernas Israel-kritikk" <http://www.vl.no/samfunn/israel-venner-fnyser-av-ernas-israel-kritikk-1.85984> The quotes in this chapter have been translated from Norwegian.
- ⁷³ Ministry of Finance, 20/09/2012, "Karmel-Instituttet utelukkes fra gavefradragsordningen", www.regjeringen.no/nb/aktuelt/karmel-instituttet-uteelukkes-fra-gavefra/id699411/
- ⁷⁴ Vårt Land, 30/11/2013, "Frp vurderer omstridt pengegave"
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²⁰¹ See separate information about IDB Group

Graffiti by the famous English artist Banksy on a wall in Jerusalem. Banksy operates under a pseudonym and has created a series of satirical murals with motives from Palestine.



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