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Anders Lande, telephone +47 22 24 41 05 / mobile +47 48 05 33 51**Company Excluded from the Government Petroleum Fund**

The Ministry of Finance has excluded Kerr-McGee Corporation from the Petroleum Fund's investment universe under the new ethical guidelines. – The decision to exclude the company is based on a recommendation from the Advisory Council on Ethics for the Government Petroleum Fund, says Finance Minister Per-Kristian Foss.

In December last year the exile government of the Saharawi Arab Democratic Republic (SADR) and the Western Sahara Support Committee requested that the Ministry of Finance exclude Kerr-McGee Corporation from the Government Petroleum Fund because of the company's exploration of the continental shelf off shore Western Sahara. According to the Ethical Guidelines, the Ministry of Finance shall make decisions on exclusion of companies based on recommendations from the Advisory Council on Ethics for the Government Petroleum Fund. The Ministry of Finance asked the Advisory Council to assess whether the investment in Kerr-McGee might be inconsistent with the ethical guidelines. This was the first request from the Ministry to the Advisory Council.

– Obtaining and verifying information on all aspects of companies' activities is an exacting task. Decisions to exclude companies must be well substantiated, emphasises Finance Minister Per-Kristian Foss.

According to the Ethical Guidelines of 19 November 2004, the Fund should not invest in companies that produce weapons that may violate fundamental humanitarian principles. Moreover, the Fund may not invest in companies if such investments constitute an unacceptable risk of contributing to:

- Serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour and other forms of child exploitation
- Grave breaches of individual rights in situations of war or conflict
- Severe environmental degradation
- Gross corruption
- Other particularly serious violations of fundamental ethical norms.

In its letter of 12 April 2005, the Advisory Council on Ethics for the Government Petroleum Fund recommended that Kerr-McGee Corporation should be excluded from the Fund's investment universe. The Council based its recommendation on the fact that the company through its subsidiary Kerr-McGee du Maroc Ltd. has entered into an agreement with the state owned Moroccan oil company ONAREP regarding petroleum exploration on the continental shelf off shore Western Sahara. Morocco has for a number of years occupied Western Sahara despite strong UN condemnation. The Council found that Kerr-McGee through its exploration activities most likely will enable

Morocco to exploit petroleum resources in the area. The Council regarded this as "a particularly serious violation of fundamental ethical norms" e.g. because it may strengthen Morocco's sovereignty claims and thus contribute to undermining the UN peace process.

According to the guidelines, the Council submitted its recommendation to the company for comment. The company maintained that its activity was not in violation of international law. The Advisory Council did not change its conclusion as it did not base its recommendation on an assessment of international law, but on an assessment of whether the activities in question are inconsistent with the Ethical Guidelines.

Based on the recommendation, the Ministry of Finance has excluded Kerr-McGee from the investment universe of the Government Petroleum Fund. The Central Bank (Norges Bank) as the manager of the Fund was informed about this decision in a letter from the Ministry on 29 April. The disinvestment has now been completed. At the end of the year 2004 approximately NOK 337 million of the Petroleum Fund was invested in stocks and bonds in Kerr-McGee Corporation. The decision to exclude the company is made public after the disinvestment has taken place in order to secure a financially sound disposal of the securities.

The Ministry of Finance may request the Council to assess if investments in individual companies meet the ethical guidelines. In addition it is also within the mandate of the Council to initiate analysis of other companies. The Ministry has asked the Council to assess whether it is in violation of the guidelines to invest in Total because of the company's activity in Burma. The Council is also assessing other issues such as cluster weapons. It is likely that the Ministry of Finance will be able to make decisions on these issues in the course of the autumn.

Read more about the Advisory Council on Ethics for the Government Petroleum Fund [here](#).

Read the Ethical Guidelines of 19 November 2004 [here](#).

Read the recommendation from the Petroleum Fund's Council on Ethics, dated 12 April 2005, [here](#).