



Council on Ethics for the Government
Pension Fund Global (GPFG)

Johan H. Andresen (Chair)
Eli Ane Lund (Head of secretariat)

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Firenze/Paderborn, 15th May 2020

Re: GPFG investment in Rheinmetall

Dear Mr Andresen, dear Ms Lund,

we are a group of European institutional investors, lead by the network for shareholder engagement SfC - Shareholders for Change (www.shareholdersforchange.eu) and are backed by a large number of non-governmental organisations. Since 2017 we engage the German defence and automotive company Rheinmetall AG asking questions to the board, in particular regarding Rheinmetall's production and export of bombs to Saudi Arabia, that are used to bomb Yemen¹². This war has no international legitimacy and has already killed 100,000 people since 2015, among which 12,000 civilians in directly targeted attacks³.

A large amount of bombs have been produced by Rheinmetall's Italian subsidiary RWM Italia SpA, whose export to Saudi Arabia was suspended by the Italian government, for 18 months, in July 2019⁴. The Yemeni organization Mwatana for Human Rights and other non governmental organisations called upon the Italian judiciary to fully investigate RWM Italia and Italy's national arms export authority UAMA's (Unità per le autorizzazioni dei materiali d'armamento) potential responsibility for the unlawful coalition attacks in Yemen, which may amount to war crimes. In April 2018, the organisations filed a criminal complaint against RWM Italia and UAMA with the Italian Public Prosecutor's Office in Rome. On 11th December 2019 a group of human rights organisations around the European Centre for Constitutional and Human Rights (ECCHR), Mwatana for Human Rights and Rete Italiana Disarmo filed a criminal complaint with the International Criminal Court in The Hague against arms companies that, by supplying arms to Saudi Arabia, have knowingly, supported human rights violations in Yemen.

¹ Otfried Nassauer, *Hemmungslos in alle Welt*, Bits, October 2016. Link: <https://bit.ly/2VGgwJH>

² The New York Times, *How Did Bombs Made in Italy Kill a Family In Yemen?*, 29 December 2017. Link: <https://nyti.ms/3eWwO3J>

³ The Guardian, *Death toll in Yemen war reaches 100,000*, 31 October 2019. Link: <https://bit.ly/2W4WaZl>

⁴ Il Fatto Quotidiano, *Sardegna, fabbrica di armi sospende export bombe verso Arabia Saudita ed Emirati*, 30 July 2019. Link: <https://bit.ly/2SdEjP9>



According to ECCHR, "parties to the conflict on all sides are responsible for serious violations of international humanitarian law. Scores of indiscriminate and disproportionate attacks carried out by the Saudi/UAE-led military coalition have killed and wounded thousands of civilians, destroyed critical infrastructure and contributed to Yemen's ever worsening humanitarian crisis since 2015. Time and again, the coalition has targeted civilian areas and facilities, including homes, schools and hospitals, with devastating impact on the healthcare system"⁵.

Corporations, such as Rheinmetall, profit from this war by manufacturing or supplying weapons to countries conducting attacks in Yemen.

The Rheinmetall Group's unbroken practice of exporting arms to warring nations outside of NATO entails not least financial risks by supporting human rights violations. The basis of the argumentation here is the "UN Guiding Principles on Business and Human Rights". These clearly state that a company must ensure that its products and services do not violate human rights. This also applies regardless of the ability or willingness of a state to ensure that its own human rights obligations are met. The incorporation of these UN Guiding Principles into national legislation in more and more countries opens further legal and litigation risks.

This is the reason why we are convinced that the growing investments of the Government Pension Fund Global in Rheinmetall, amounting at USD 128,501,185 at the end of 2019 (or 2.57% of the company's total share capital), as reported on your website⁶, are not only a risk for the reputation of your fund, which is rightly perceived as a frontrunner among sovereign wealth funds in terms of socially responsible investing, but also a potential threat to its overall financial performance, since Rheinmetall is regularly exposed to legal complaints filed with national authorities.

We firmly believe, and we can provide evidences to support our opinion, that Rheinmetall is currently violating your ethical guidelines, in particular Section 2,1:

*"The Fund shall not be invested in companies which themselves or through entities they control:
a) produce weapons that violate fundamental humanitarian principles through their normal use"*⁷.

Therefore, we ask your Council on Ethics to put the fund's investment in Rheinmetall under review and consider a divestment from the company while supporting our engagement with the company to stop exporting weapons to countries involved in human rights abuses or that contribute to them.

We are happy to provide more information in a conference call, if you think that this may help your evaluation.

Looking forward to being in touch with you soon,

Yours sincerely,

⁵ ECCHR, *5 years of War in Yemen and Europe's responsibility*, 24 March 2020. Link: <https://bit.ly/2y1p4ql>

⁶ <https://www.nbim.no/en/the-fund/holdings/holdings-as-at-31.12.2019/?fullsize=true>

⁷ <https://nettsteder.regjeringen.no/etikkradet3/files/2019/12/guidelines-for-observation-and-exclusion-from-the-gpfg-01.09.2019.pdf>



The signatories

Aktion Aufschrei – Stoppt den Waffenhandel!
Association of Ethical Shareholders Germany
Bank für Kirche und Caritas eG (BKC)
Comitato Riconversione RWM per la pace ed il lavoro sostenibile
Corporate Responsibility Interface Center (CRIC) e.V.
DKM Darlehnskasse Münster eG (DKM)
European Centre for Constitutional and Human Rights e.V. (ECCHR)
Fondazione Finanza Etica (FFE)
GLS Gemeinschaftsbank eG (GLS Bank)
Greenpeace e.V
Pax-Bank eG
Rete Italiana per il Disarmo
Shareholders for Change (SfC)
Steyler Bank GmbH
United Sustainability Group
Urgewald e.V.

Contact for further information

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