

Controversial Weapons

Storebrand Sustainability Team



Storebrand aims to invest in companies that contribute actively to sustainable development. We believe such practices – when integrated into core business – will be financially rewarded. Furthermore, we have implemented a standard across the Group – the 'Storebrand Standard' – that leads to certain companies being excluded from investment, including those involved in controversial weapons.

Definition

Anti-Personnel Mines

Anti-personnel mines are explosives that are designed to be detonated by the presence, proximity or contact of a person, which incapacitates, injures, or kills them and/or others nearby. After being planted, anti-personnel mines can remain undetonated for years, posing a serious risk to civilians after a conflict has ended.

The applied definition of an anti-personnel mine is provided in the 1997 Ottawa Treaty.

Cluster Munitions

Cluster weapons are air-dropped explosives that release ten or more sub munitions (bomblets), each weighing less than four kilograms. The sub munitions have a wide impact zone and often remain undetonated on the ground. These munitions can remain dangerous for years after a conflict has ended, posing a serious risk to civilians.

The applied definition of a cluster munition is provided in the 2008 Convention on Cluster Munitions (CCM).

Nuclear Weapons

A nuclear weapon is a device that is capable of releasing nuclear energy in an uncontrolled manner, due to fusion and/or fission reactions, making it a highly destructive explosive. Their indiscriminate and disproportionate impact mean that nuclear weapons are controversial.

As the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT) does not contain a definition, Storebrand bases its definition of a nuclear weapon on the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (Tlatelolco). There is currently no comprehensive convention or legal framework in force that outlaws the use or production of nuclear weapon systems. The NPT Treaty deals only with trade.

Therefore, Storebrand is currently following the proximate entry in force of the Treaty on the Prohibition of Nuclear Weapons (TPNW). This treaty prohibits the development, testing, production, stockpiling, stationing, transfer, use and threat of use of nuclear

weapons, as well as assistance and encouragement to the prohibited activities. For nuclear armed states joining the treaty, it provides for a time-bound framework for negotiations leading to the verified and irreversible elimination of its nuclear weapons programme.

Biological and chemical weapons

Biological or chemical weapons are munitions that utilise biological or chemical agents, respectively, to inflict death or harm. Either type can be dispersed in gas, liquid, or solid forms. As these munitions are based on organisms or chemicals, civilians are often unintended victims since the impact zone is constrained only by how far the particles can disperse. For biological weapons, person-to-person transmission of the illness can further exacerbate the civilian impact.

Definitions of biological and chemical weapons can be found in the 1972 Biological and Toxin Weapons Convention (BTWC) and the 1993 Chemical Weapons Convention (CWC).

Lethal Autonomous Weapons Systems (LAWS)

There has been a growing concern over the development and use of LAWS. Currently there is no international convention that would ban the production of LAWS. However, the 1980 Conventional Weapons Convention (CCW) and its protocols prohibits or restricts the use of conventional weapons which are considered excessively injurious or whose effects are indiscriminate. LAWS are neither explicitly included in the CCW.

However, the Group of Governmental Experts on LAWS, after meetings in 2019 concluded that: "a weapons system based on emerging technologies in the area of lethal autonomous weapons systems, must not be used if it is of a nature to cause superfluous injury or unnecessary suffering, or if it is inherently indiscriminate, or is otherwise incapable of being used in accordance with the requirements and principles of international humanitarian law".¹ Therefore, so far, LAWS are covered by this criterion under the CCW.

Background

The presence of war is not necessarily illegal for all the involved parties. The use of force is controlled by both customary international law and by treaty law. While the use of aggressive force is generally seen to be illegal where it is not a collective action by the Security Council, article 51 of the United Nations Charter states that "Nothing in the present Charter shall impair the inherent right to individual or collective self-defence if an armed attack occurs against a state".

Building upon the modern body of work determining the correct conduct during conflict including but not limited to the Geneva conventions, Hague conventions, United Nations Charter and Humanitarian Law – Storebrand finds it necessary to abstain from investing in certain types of products that are in breach of the fundamental principles that govern international relations.

Specifically, the following conventions set the preliminary foundation for this investment criterion:

- Humanitarian law as enshrined within the Geneva and Hague Conventions.

¹

[https://www.unog.ch/80256EDD006B8954/\(httpAssets\)/5497DF9B01E5D9CFC125845E00308E44/\\$file/CCW_GE.1_2019_CRP.1_Rev2.pdf](https://www.unog.ch/80256EDD006B8954/(httpAssets)/5497DF9B01E5D9CFC125845E00308E44/$file/CCW_GE.1_2019_CRP.1_Rev2.pdf)

- United Nations Convention on Prohibitions or Restrictions on the use of Certain Conventional Weapons Which May be Deemed to be Excessively Injurious or to Have Indiscriminate Effects (CCW).
- The International Court of Justice advisory opinion on the Legality of the Threat or Use of Nuclear Weapons.
- Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Ottawa Treaty).
- The Convention on Cluster Munitions (CCM).

Focusing upon the overarching principles, which have led to the above, Storebrand chooses to abstain from investing in 'Controversial Weapons'.

The term 'Controversial Weapons' is here meant to describe a specific type of military grade weapon that may by its very nature contain the following characteristics:

- An inability to distinguish between combatant and civilian during and after conflict.
- An inability to be a proportionate action during conflict.
- The use of said weapon can hinder efforts in rebuilding and development after the conflict has ended.
- The effects of use of such weapons often persist after the end of the conflict, and continue to represent a fundamental threat to the basic Human Rights of the affected populace.

Scope

Storebrand will not invest in companies involved in controversial weapons. In the event that subsidiaries of a company are involved in controversial weapons, but are not publicly listed, the closest listed company above the subsidiary in the hierarchy, with a controlling interest, is excluded. In the event that a subsidiary involved is listed, the parent company is also excluded. If a parent company is involved, listed subsidiaries are only excluded if they are involved in the same unacceptable activities. In addition, Storebrand will make assessments for exclusion based on corporate ownership or significant ownership in companies producing controversial weapons.

Storebrand will also consider exclusion in cases where suppliers or other business partners (such as joint ventures), systematically violate the criterion. Storebrand will not exclude companies based on operations in specific countries, but will assess the manner in which they run their business in the countries where they operate.

Methodology and Data Providers

This criterion is norm-based as shown by the conventions referred above. Storebrand will exclude companies based on their involvement in the production or distribution of controversial weapons in alignment with these conventions and not necessarily based on the corporate behaviour of the companies making them.

Storebrand will contact these companies if there is need to verify their involvement in producing or distributing controversial weapons.

Sustainalytics and/or ISS-Ethix provide the data enabling Storebrand to carry out the screening of its portfolios.

Key Sources

<http://www.apminebanconvention.org/>
<http://www.clusterconvention.org/>
<http://disarmament.un.org/treaties/t/tlatelolco>
<https://www.un.org/disarmament/wmd/nuclear/npt/>
<http://www.un.org/disarmament/WMD/Bio/>
<http://www.opcw.org/chemical-weapons-convention/>

Document last updated: 15.09.2021
Criterion enforced since: 2004

Storebrand Asset Management
www.storebrand.com

This report is provided by Storebrand Asset Management for the purposes of information only. Whilst reasonable care is taken in compiling the information contained herein, Storebrand Asset Management gives no guarantee as to its completeness, accuracy or correctness. All opinions constitute Storebrand Asset Management's judgment as of the date of this document and are subject to change without notice. Storebrand Asset Management shall not be liable for any loss of profit or indirect or consequential loss arising from any use of information in this report.