

# Decision to exclude Mivne Real Estate Ltd.

June 2021

## Summary

KLP and the KLP Funds (hereafter, "KLP") have decided to exclude the company Mivne Real Estate Ltd. (hereafter, "Mivne") from their investments due to an unacceptable risk that the company is contributing to serious violations of the rights of individuals in situations of war or conflict. The decision is mainly based on the Council on Ethics' recommendation to the Government Pension Fund Global (GPFG), published on May 19, 2021<sup>1</sup>, when Norges Bank excluded the company.

Mivne is an Israeli real estate company that owns and lets commercial property. The company is listed in Tel Aviv. At close of 2019, GPFG owned 0.53 of the company's shares to the value of NOK 103.6 million.

KLP was invested in Mivne at the time the exclusion decision was made.

## Recommendation from the Council on Ethics

The Council on Ethics recommendation has considered that there is "...an unacceptable risk that the company is contributing to serious violations of the rights of individuals in situations of war or conflict". The Council on Ethics' considers that "the company's letting of buildings constructed in violation of international law contributes to the continuation of an illegal state that their construction once initiated. This form of contribution to international law violations constitutes, in the Council's view, grounds for exclusion from the GPFG."<sup>2</sup>

The Council on Ethics recommendation states that:

*The Council's assessment rests on the fact that Mivne owns and lets industrial premises in industrial zones linked to settlements in the West Bank. The Council's starting point is the broad consensus that the Israeli settlements in the West Bank violate international law. The Council has also previously taken this position. The purpose of the Israeli industrial zones in the West Bank is primarily to support the Israeli settlements and the business community in Israel, not the upkeep of the occupied population or the provision of employment therefor. Nor is it a matter of maintaining or advancing industrial activity that was ongoing before the occupation.*

*The Council considers that the Mishdor Adumim Industrial Park and the Jerusalem-Atarot Industrial Area must be deemed integral parts of the settlements Ma'ale Adumim and Atarot, and that, for the Council's purposes, there is no reason to view the industrial areas' legality otherwise than that portion of the settlements used for dwellings.*

<sup>1</sup> <https://etikkradet.no/mivne-real-estate-kd-ltd-2/>

<sup>2</sup> <https://files.nettsteder.regjeringen.no/wpuploads01/blogs.dir/275/files/2021/05/Mivne-Real-Estate-KD-rec-ENG.pdf>

On the basis of this information, the Council of Ethics considers that “there is an unacceptable risk that Mivne will, also in future, engage in the letting of industrial premises linked to Israeli settlements in the West Bank, thereby contributing to serious infringements of the rights of the individual in situations of war or conflict. In the Council’s view, this risk will persist until the company announces that it no longer engages in this type of business activity.».

Mivne has not replied to the Council’s queries.

A more detailed analysis of the case is available in the publicly disclosed recommendation.

## KLPs guidelines and analysis

KLP defines human rights as a separate exclusion criterion, consistent with its status as a separate pillar under the UN Global Compact.<sup>3</sup> This approach is in accordance with the Ethical Guidelines for the GPFG.

On 12 February 2020, the UN High Commissioner for Human Rights published a list of companies with activities associated with the Israeli settlements in the Occupied Palestinian Territory<sup>4</sup>. This report in the form of a database has been prepared due to a request from the UN Human Rights Council based on a resolution of 31/36 March 2016. The UN High Commissioner for Human Rights has, on the basis of information gathered, reasonable grounds to conclude that the 112 companies this listing is involved in one or more of the specific activities that may contribute to human rights violations - civil, political, economic, social and cultural rights.

Mivne was one of the companies on this list. Based on this, KLP contacted the company to start a dialogue where several inquiries were sent during 2020, but the company has not responded to KLP’s inquiries.

Paragraph 6.3 of KLPs *guidelines for KLP as a responsible investor* state that: "*KLP should exclude companies from its investments where there is an unacceptable risk that they could contribute to or be responsible for... serious violations of the rights of individuals in situations of war or conflict.*"<sup>5</sup>

The reasoning behind the Council of Ethics recommendation to exclude Mivne is well grounded and based on extensive sources. Therefore, KLP see no reason to deviate from their recommendation.

## Recommendation

KLP and the KLP Funds exclude the company Mivne Real Estate Ltd from their investments due to an unacceptable risk of the company contributing to serious violations of the rights of individuals in situations of war or conflict.

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<sup>3</sup> [Un Global Compact principles](#)

<sup>4</sup> <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25542&LangID=E#main>

<sup>5</sup> [KLPs guidelines for KLP as a responsible investor](#)