



Decision to exclude AECOM

January 2018

Introduction

KLP and the KLP Funds (KLP) have decided to exclude AECOM from their investment portfolios due to the company's production of key components for nuclear weapons.

AECOM is a US engineering company that is listed on the NYSE. On 16 January 2018, Norges Bank announced that the company had been excluded from the Norwegian Government Pension Fund Global (GPF) on the grounds of its production of key components for nuclear weapons.¹

As at 16 January 2018, KLP had around NOK 2 million invested in AECOM.

The Council on Ethics' recommendation

The Council on Ethics gives the following grounds for its recommendation:

The information published on the company's and the state-owned facilities' websites shows that the facilities' activities include the development, testing, maintenance and storage of nuclear warheads and that AECOM plays a key role in this activity in that it is responsible for the management and operations. In the past, the Council has decided that such activity must be regarded as the production of nuclear weapons and has recommended excluding companies with similar activities.²

AECOM is engaged in the "development, testing, maintenance and storage" of nuclear warheads at several facilities owned by the US government, including Los Alamos National Laboratory, Lawrence Livermore National Laboratory and Nevada National Security Site.

A detailed description of the case may be found in the Council on Ethics' recommendation.³

¹ The Council on Ethics, *Recommendation to exclude AECOM from the Government Pension Fund Global (GPF)*, Recommendation to Norges Bank 22 April 2016. URL: <https://nettsteder.regjeringen.no/etikkradet-2017/files/2018/01/Rec-AECOM-ENG-20452.pdf>

² Ibid, p. 2.

³ Ibid.

KLP's guidelines and analysis

The Council on Ethics has assessed AECOM against the GPFG's guidelines for observation and exclusion: ⁴

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...

The wording of this provision is identical with the wording of KLP's guidelines for responsible investment.⁵ The assessment underpinning the Council on Ethics' recommendation is in line with KLP's guidelines, and we see no reason to deviate from the Council's conclusion.

Decision

KLP and the KLP Funds have decided to exclude AECOM from their investment portfolios due to the company's production of key components for nuclear weapons.

⁴ Council on Ethics, *Guidelines for observation and exclusion from the Government Pension Fund Global (GPFG)*, s 2(1)(a), URL: http://etikkradet.no/files/2017/04/Etikkradet_Guidelines- eng_2017_web.pdf

⁵ *Guidelines for KLP as a responsible investor* (08.12.2017), KLP.no, URL: http://english.klp.no/polopoly_fs/1.39178.1513197530!/menu/standard/file/Guidelines%20for%20KLP%20as%20a%20responsible%20investor.pdf