

Top financial institutions invest over US\$43 billion in producers of cluster bombs

Activists call on governments and financial institutions to stop explosive investments

Geneva, April 14th, 2010 - Almost a year and a half after the historic signing of the Convention on Cluster Munitions (CCM) in Oslo in December 2008, 146 financial institutions from 15 countries around the world still provide over US\$ 43 billion worth of investments and financial services to seven producers of cluster bombs. These are the updated findings of the most comprehensive report to date on global financial investments in these banned weapons, *'Worldwide investments in cluster munitions; A shared responsibility'*¹, released today in Geneva. Campaigners around the world are now calling on regulators and financial institutions to disinvest from producers of these banned weapons.

"It is unacceptable for leading financial institutions to continue investing in weapons which will be banned under international law and which continue to kill and maim for decades after they are used," says Esther Vandembroucke from Netwerk Vlaanderen. *"These killer weapons are highly stigmatized for the humanitarian harm they cause. It is very disappointing to see that so many leading banks continue to invest in them"*.

The human and economic cost of these weapons is well documented. Like landmines, cluster bombs have killed and injured thousands of civilians during the last 40 years and continue to do so long after a conflict has ended. On August 1st, 2010, the Convention on Cluster Munitions will enter into force and become binding under international law.

No major shift in financial world

Despite this, the world's top financial institutions continue to finance the following seven leading producers of cluster bombs and cluster bomb components: Alliant Techsystems (USA), Hanwha (South Korea), L-3 Communications (USA), Lockheed Martin (USA) Poongsan (South Korea), Singapore Technologies Engineering (Singapore) and Textron (USA)². Since May 2007, these financial institutions provided:

- **Investment banking services worth over US\$6,712.15 million**
- **Loans amounting to at least US\$3,190.26 million**
- **Owned or managed shares and bonds for at least US\$33,116.1 million³**

The publication by Cluster Munition Coalition members, IKV Pax Christi (the Netherlands) and Netwerk Vlaanderen (Belgium), categorizes retail banks, investment banks, asset management companies and private and public pensions into a "Hall of Shame," a "Hall of Fame" and "runners-up" category, based on their investment policies and practices. The report also looks at legislative initiatives to prohibit investment in cluster munitions.

¹The first report by IKV Pax Christi and Netwerk Vlaanderen on 'Worldwide investments in cluster munitions; A shared responsibility' was published in London, in October 2009. The first report listed investments found between January 1, 2007 until August 1, 2009. This update lists investments found between 1 May, 2007 to 28 February, 2010. For asset management, the portfolio as per March 2010 is included.

²One of the sectors that these companies is active in is the production of weapons and munitions, which include cluster bombs. We regard a company as a producer, regardless of the nature and size of any of its other activities.

³Dutch research company Profundo conducted the research on the financial links in this report.

Double standard

Of the 146 financial institutions in the Hall of Shame, 102 are from countries that have not (yet) signed the CCM, and over half are from the US. Sixteen are based in four countries that have signed and ratified the CCM (France, Germany, Japan and Spain) and 28 are from countries that have signed but not yet ratified the CCM. Thirty-two financial institutions investing in producers of cluster munitions are from the European Union, and 31 of these financial institutions are from countries that have signed the CCM⁴.

“It is time to stop the double standard - countries should adopt policies to prevent these investments and financial institutions should disinvest from these banned weapons,” says Vandenbroucke. *“We praise the governments and financial institutions which have taken clear steps to stop investments in these killer weapons and we will be campaigning for others to do the same.”*

The Hall of Fame includes: Twenty-one financial institutions⁵ with strong policies, which are all from countries which have signed the CCM . These include five government managed pension funds from Norway, Ireland, New Zealand and Sweden, three ethical banks and 13 private institutions. The research shows that strong government policies help. The Norwegian Pension Fund has excluded producers of cluster munitions since 2004.

The Convention on Cluster Munitions (CCM) enters into force on August 1st, 2010, when over 100 countries around the world will be forbidden under international law, from producing, using, stockpiling or transferring these banned weapons, as well as from assisting others to do so. Although the CCM does not explicitly prohibit financial investments, it can be interpreted as a form of “assistance”, which is prohibited under Article 1C of the Convention.

Activists will use this new information to strengthen their campaigning efforts which name and shame financial institutions who continue to invest in cluster bomb producers, and to praise and support those who disinvest.

End of press release

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⁴As of this update, within the European Union, 20 out of the 27 European Union member countries have signed the CCM, and 10 EU member countries have ratified the CCM.

⁵ Triodos Bank (the Netherlands), ABP (the Netherlands), AP1 – 4 (Sweden), AP7 (Sweden), ASN Bank (the Netherlands), ATP (Denmark), Banca Etica (Italy), BPF Bouw (the Netherlands), DnB NOR, (Norway), Ethias (Belgium), KLP (Norway), KPA (Sweden), Norwegian Government Pension Fund – Global (Norway)}, National Pensions Reserve Fund (Ireland), NZ SuperannuationFund (New Zealand), PGGM (the Netherlands), Philips Pension Fund (the Netherlands), PME (the Netherlands), PNO Media (the Netherlands), Spoorwegpensioenfond (the Netherlands), Storebrand (Norway), Triodos Bank (the Netherlands).