



# Explosive Portfolios

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**Bank groups and cluster munitions**  
**July 2006**





**This report is part of the campaign 'My Money. Clear Conscience?',  
a campaign by Netwerk Vlaanderen in co-operation with  
Forum voor Vredesactie, For Mother Earth and Vrede**

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## INTRODUCTION

*29th June 2003: In Kerbala (Iraq) Wahid and his 9 year old brother were walking through their neighbourhood when they were attracted to a metal object. Wahid lost his right hand, and three fingers from his left hand. His body is full of metal fragments.*

*10th October 2001: Four brothers playing in Chaat (Libanon) found a piece of metal displaying the letters BLU-63. One brother was killed, and the three others had to stay in hospital for two years. One of them only began to walk again in 2005.*

*17th Augustus 1999: In Nerodimlje (Kosovo) Adnan (7 years old) went swimming with his family in a lake. He found a piece of metal and brought it to his father and 17 year old brother. Moments later Adnan's father and brother are dead, and Adnan is lying on the ground with an injured hand and leg. In the confusion his sister Sanije, 14 years old, also stepped on a piece of metal and was killed.*

*These stories detail a number of explosions, the explosion of cluster munitions. Cluster munitions have caused the deaths of innumerable innocent civilians over the past few decades, both during and after wars. It is not surprising, therefore, that cluster munitions are viewed as one of the most controversial weapons, and face mounting international pressure. In 2006, Belgium was the first country in the world to implement a complete ban on cluster munitions. This Belgian initiative will probably be mirrored in other countries and at the international level.*

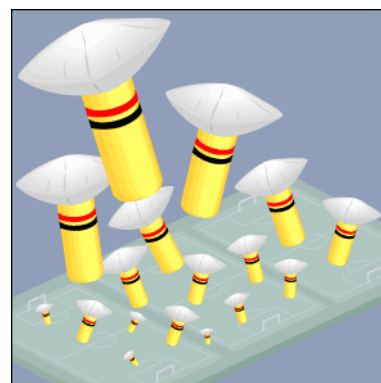
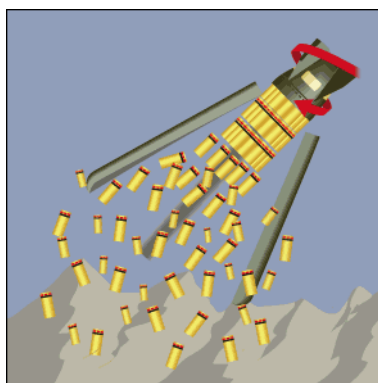
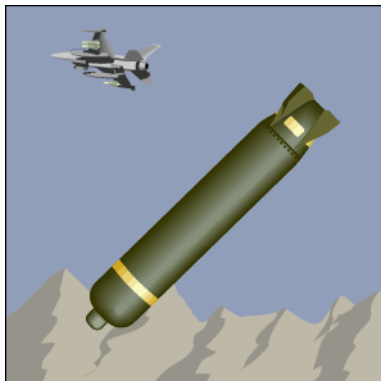
*Despite this, companies around the world produce and sell these weapons, and armies continue to use them against soldiers and (unavoidably for these weapons) against civilians.*

*Since 2004, Netwerk Vlaanderen, Forum voor Vredesactie, For Mother Earth and Vrede have been calling on Belgian banks to stop their investments in cluster munitions. The banks made policy statements that claimed that investments would be ended and companies would be placed on black lists. The banks were almost unanimous, cluster munitions were not an acceptable investment. Not all banks went as far in their policy, and loopholes were soon discovered in the policies.*

*This research report investigates whether the investments have effectively been stopped. There is good and bad news. The good news is that some banks really do have nothing more to do with cluster munitions. With other bank groups it appears that the aversion to cluster munitions is not so powerful when there are interesting deals on the table, or when it is too difficult to implement the policy. 'But we have built up a very interesting dialogue with the defence sector', is the excuse. Maybe that could be explained to Wahid, Adnan and the parents of the four Lebanese brothers.*

*After two years the bank groups have had enough time to take action. And one bank group has passed with distinction. The other bank groups have used all the possible excuses and get-out clauses. Discussion of market share, legal concerns, confidentiality and risk management has replaced a concern for the victims. The time is ripe to outline a role for the government on this issue.*

# CHAPTER 1:



## Cluster munitions, a weapon facing international pressure

### 1.1. CLUSTER MUNITIONS

#### The weapon

Cluster bombs are made up of a large container (bomb, rocket, etc.) that, depending upon the model, can contain hundreds of smaller bombs (sub-munitions). The container opens in the air, and spreads the

sub-munitions over a large area. The aim is to cover an entire area with a carpet of bombs.

Cluster munitions can be dropped from the air by helicopters, bombers or fighter planes. They can also be launched from the ground via rocket launcher systems and artillery.

In contrast to landmines, cluster munitions are designed to explode on impact with the target. Landmines are dropped with the aim that they will not explode immediately, but only when they are activated by being touched by a victim.

Cluster munitions can have different effects depending upon the use of the weapon: anti-personnel, anti-tank, anti-infrastructure, anti-equipment, toxic or incendiary effects. In some models, it is possible to combine these effects.

### Controversy

Cluster munitions are generally seen as a controversial weapon. The characteristics of the weapon create two threats for the civilian population:

- ▶ Cluster bombs have the aim to cover a large area where one or more targets are located. Spreading the munitions over this area gives a large chance of civilian casualties during the attack.
- ▶ Cluster munitions also cause civilian casualties after the end of the armed conflict. The sub-munitions contained in cluster bombs have a certain rate of failure (dud rate). Following the use of a cluster bomb there will be many unexploded sub-munitions left behind over a large area. In this way, a mine field is created, with a great risk for civilians, also after the conflict.

#### AL Radwaniya, Iraq, 2003

Akim was already a shepherd, although he was still a child. One day he was playing on his parents' farm, when he was surprised by a cluster munition bombardment.

His uncle found him with serious wounds, and took him immediately to the hospital. The diagnosis was very pessimistic as he had lost a lot of blood. Four months later, Akim was still in the hospital. His condi-



tion did not show any signs of improving. He had serious burns and other wounds, on his legs and his body contained many pieces of shrapnel. His right leg was broken in many places, and had to be held together with a metal pin. His two legs are bandaged together. Many of his wounds were infected. He had bedsores, and was crying every night.

Source: the team of Handicap International in Baghdad; Iraq (July 2003)

### Use

At least eleven countries have used cluster bombs: Eritrea, Ethiopia, France, Israel, Yugoslavia, the Netherlands, Russia, Saudi Arabia, Sudan, the United States and the United Kingdom.

A few examples of the use of cluster munitions:

#### *The first Gulf War (1991)*

Cluster bombs were used in large numbers during the first Gulf War in 1991. According to a report from Human Rights Watch<sup>1</sup> the United States and her allies dropped 61,000 cluster bombs on Iraq and Kuwait between 17th February and 28th February 1991. These cluster bombs contained a total of around 20 million sub-munitions and accounted for \_ of the bombs dropped on Iraq and Kuwait. Even using the conservative estimate of a 5% non-explosion rate, this means around 1 million dangerous sub-munitions remain.

After the war, a report from the US Air Force<sup>2</sup> mentioned an "excessively high non explosive rate" due to the height from which the bombs were dropped and the fact that they had landed on sand and water.

These unexploded sub-munitions have killed 1,600 civilians, and wounded 2,500. Sixty percent of the victims were younger than 15 years old.

The use of cluster bombs in urban areas (mainly in the south of Iraq) meant that refugees and international humanitarian organisations were also put at risk.

#### *Yugoslavia and Kosovo (1999)*

Between March and June 1999, the US, UK and the Netherlands dropped 1,765 cluster bombs on Yugoslavia, containing a total of 295,000 sub-munitions. According to U.N. Mine Co-ordination more than 20,000 unexploded sub-munitions were left behind.

During the bombardments, between 90 and 150 civilians were killed and many more were wounded. In the year after the



war, at least 50 civilians were killed and 101 wounded due to these unexploded sub-munitions.<sup>3</sup>

Adnan went swimming with his father and brother ...

Adnan Maloku was not yet seven. On August 11th 1999 he went swimming with his father and brother in a lake. Adnan found a yellow object in the water and gave it to his brother without knowing what it was. It was a piece of sub-munition, an unexploded BLU-97.

His seventeen year old brother asked his father, and let the object fall to the ground. It exploded, killing him instantly. Adnan was injured on the leg and the arm by the blast. He heard his father saying something which he could not understand, but then he heard nothing more...

The following day, Adnan's sister, Sanije, returned to the place where the incident had occurred, to search for the clothes of her brother and father. She also stepped on a sub-munition and was killed immediately.

Adnan lost a lot of blood. He needed medical attention for two months, and faced a shortage of blood. His left arm is still weak, and he cannot carry heavy loads.

He only returned to school in January 2000. He remembers it as if it were yesterday.

The oldest sister of Adnan, Ymrije, must take care of him and his mother. The mother is seriously traumatised by the event, and has to support the three on the small pension of the father.



Adnan and his sister Imrije

The witness statement was taken by the team of Handicap International in Kosovo in 2005.

### *Afghanistan (2001-2002)*

The United States dropped 1,288 cluster bombs in Afghanistan (containing 248,056 sub-munitions). Conservative estimates mention 12,400 unexploded sub-munitions remaining in Afghanistan.<sup>1</sup>

### *Iraq (2003)*

In 2003, the United States and the United Kingdom dropped 13,000 cluster munitions in Iraq (containing almost 2 million sub-munitions). In contrast to previous wars (for example in Kosovo and Afghanistan), the majority of these weapons were ground-launched. The use of these ground-launched cluster bombs in populated areas were the most significant cause of civilian casualties. Hundreds of civilian deaths and injuries caused by cluster munitions were reported in Baghdad, al-Hilla, al-Najaf, Basra, and elsewhere.<sup>2</sup>

In the past decades, the US and UK have been the heaviest users of cluster munitions. The US alone has over 1 billion sub-munitions in its arsenal. In total, over 57 countries have stocks of cluster munitions, including Belgium, Chile, Russia, Israel, Iran and Iraq.

## 1.2. A WEAPON UNDER PRESSURE

The characteristics of the weapon, the multiple use in the last decades, and the large numbers of civilian casualties, have made cluster munitions one of the most despised weapons around the world. In many countries the weapon has been placed under serious international pressure, and serious questions have been placed against their use. The Belgian law of 2006 that bans cluster munitions, is the most important international development in this area.

*"Cluster munitions (...) are in the arsenals of more than 70 countries; they often claim the lives of civilians; and they impede socio-economic development long after conflict has ended. (...) I urge you to place the range of issues related to cluster munitions on your 2006 agenda." Kofi Annan, Secretary General of the United Nations, to the Meeting of States Parties to the CCW, 24 November 2005.*

### **International Humanitarian Law**

At this moment, cluster munitions are not banned by specific international treaties, and there is no equivalent of the international Ottawa-treaty banning landmines.

Despite this, the use of cluster bombs is in breach of international humanitarian law. This body of law outlaws the use of weapons that cannot distinguish between civilians and military targets.

International humanitarian law also enshrines the principle of proportionality, which states that no weapon should cause unnecessary suffering out of proportion to the military aim of the weapon.

The characteristics of the weapon make it clear that cluster munitions cannot be used in accordance with the rules of international humanitarian law, as civilians face a disproportionate danger during and after the conflict.

### **Belgian first**

On 26th February 2006, the Belgian parliament became the first in the world to pass a law banning cluster munitions.<sup>4</sup> This was followed on 30th March 2006 by a law which clarifies the definition of cluster munitions. The law adds cluster munitions to the list of weapons that are banned in Belgium. It is now forbidden to produce, repair, sell, transport, stockpile, possess, or use cluster munitions.

Belgium is the first country in the world to introduce such a law. Thankfully, Belgium does not stand alone in the struggle against nuclear weapons.

### **Various states in action**

In **Australia**, the Senate passed a motion calling for a moratorium on the use of cluster munitions. In April 2003 Australia stated that it did not use cluster munitions.

In **Austria**, a parliamentary resolution was tabled, calling for a moratorium on the use of cluster munitions and new international law on the weapon.

In **Belgium**, a law has been adopted in the House of Representatives on 16 February 2006 banning cluster munitions. On 30 March 2006, the House of Representatives adopted a second law strengthening the prohibition through a more precise definition of cluster munitions.

**Canada** announced in 2005 that it would be destroying its Rockeye cluster munitions and would be moving away from this weapon type in the future. Canada also noted that it would welcome focused discussions on cluster munitions within the Convention on Conventional Weapons (CCW).

In 2005, **Denmark** called for negotiations on cluster munitions to begin immediately.

The **European Parliament** adopted a resolution calling for a moratorium on use, production, stockpiling, transfer and export of cluster munitions in 2004 and adopted, on 19 January 2006, a resolution on disability and development, saying that it *"supports fully, given the effects especially on child victims, the global battle to eradicate antipersonnel landmines and other related controversial weapon systems such as cluster submunitions."* In July 2005, the European Parliament called for a ban on investments in the production of cluster munitions.

In **France**, two bills have been introduced in parliament in order to ban cluster munitions. The government received more than 100 parliamentary questions

concerning cluster munitions. The Senate initiated an enquiry that shall propose recommendations to the government.

In **Germany**, discussions and consultations are ongoing regarding a resolution on cluster munitions to be tabled. On 8 March 2006, Germany proposed a definition of cluster munitions at the CCW.

In 2005, the **Holy See** called for an immediate moratorium on the use of cluster munitions and for their elimination, noting that it would be insufficient and inadequate to limit reflection to the question of improving their quality.

**Mexico** called for a moratorium on the use of cluster munitions and for them to be considered at the CCW Review Conference in 2006.

In **New Zealand**, the government's national disarmament advisory committee is currently considering cluster munitions with a view to recommending new policy.

**Norway**, in addition to withdrawing Rockeye cluster munitions, decided not to purchase M26 rockets with sub-munitions for its MLRS system. After coming into office in 2005, Norway's new government pledged to work towards an international ban on cluster bombs. In 2005, Norway called on States Parties to consider a more general prohibition on the use of cluster munitions in populated areas. On 6 March 2006, Norway congratulated Belgium on taking a strong position on cluster munitions and called for a legal instrument on cluster munitions.

In **Sweden** two parties introduced a bill proposing a ban on cluster munitions. On 14 February seven parties took part in a seminar in parliament dedicated to the problem of cluster munitions; four parties expressed themselves in favour of a ban on cluster munitions. In November 2005 Sweden stated that the humanitarian hazards caused by cluster munitions cannot be ignored. In 2006 Sweden called for negotiations on cluster munitions at the CCW.

In **Switzerland** a draft law banning cluster munitions was tabled in parliament in November 2005.

In **Uruguay** a project has been introduced to parliament to ban cluster munitions.<sup>5</sup>

### **Convention on Conventional Weapons**

There have been attempts to introduce measures through the Convention on Conventional Weapons (CCW) to reduce the effects of unexploded remnants of war. At the end of 2006, Protocol V of the Conventional will come into force. This is the first international weapon control treaty since the Ottawa convention on landmines in 1996. When Protocol V comes into force, the users of weapons will be responsible for removing unexploded remains of weapons from foreign territory. Unexploded cluster munitions will form a large part of this material.



# CHAPTER 2:



## The producers of cluster munitions

There are 34 countries around the world where cluster munitions have been produced. Some of these countries, for example the Netherlands and possibly Iraq, have stopped production. There is unclarity over some other countries.

It is clear, however, that many companies are still actively involved in the development, production and sale of cluster munitions. Companies can be involved in many ways, ranging from the production and sale of complete cluster munition systems, to the supply of essential components such as the fuse, sub-munitions, or the container in which the sub-munitions are placed.

The following list describes a number of companies and their involvement in cluster munitions.

### **ATK** <sup>6</sup>

ATK (US) is the most important supplier of ammunition to the US armed forces.

In June 2000, ATK signed a contract with Israeli Military Industries (IMI)<sup>7</sup> to co-produce IMI's 'M971 120mm DPICM mortar cargo ammunition' for the US market. The bomb contains 32 sub-munitions.<sup>8</sup>

In June 2003, ATK signed a new contract with IMI,

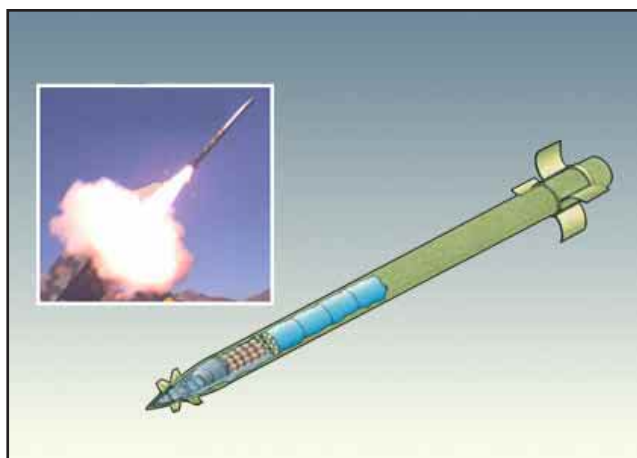
which enables it to also produce and sell the IMI self-destruction mechanism in the US.<sup>9</sup>

### **BAE Systems<sup>10</sup>, EADS<sup>11</sup> and Finmeccanica<sup>12</sup>**

BAE Systems (UK) is the largest European arms manufacturer. EADS is the second largest European defence company. It was formed in 2000 following the merger of three companies: DASA (Germany), Aerospatiale Matra (France) and CASA (Spain).

Finmeccanica is an Italian defence giant.

These three companies are currently involved in cluster munitions via MBDA<sup>13</sup>, a world leader in 'missile systems'. The company is a joint venture between EADS (37,5%), BAE Systems (37,5%) and Finmeccanica (25%). MBDA has been involved since 2004 in the 'GMLRS XM30 missile development programme', an international project by Italy, France, Germany, the UK, and the US. The M30 rocket carries 404 sub-munitions. MBDA is working with Lockheed Martin on this programme.<sup>14</sup>



**GMLRS XM30 raket**

Until recently, EADS was also involved in the production of cluster munitions via TDA, a joint venture between EADS (50%) and Thales (50%). In November 2005 EADS sold its share in TDA to Thales, and as a result TDA is now completely owned by Thales.

### **General Dynamics<sup>15</sup>**

General Dynamics, a US defence multinational, produces the Hydra-70 rocket. These weapons are designed for use by aircraft and helicopters such as the F-16, the Apache or the Cobra. General Dynamics supplies these rockets with either a single warhead or with sub-munitions.<sup>16</sup> An example of a cluster munition application is the 'M261 High-Explosive

Multipurpose Sub-munition', that contains nine M73 sub-munitions.<sup>17</sup> In April 2006 General Dynamics received a new contract from the US army for the production of Hydra rockets (worth US\$165 million).<sup>18</sup>

In a letter to the Norwegian national bank on 2nd May 2005, General Dynamics stated that it also produces essential components, namely the fuse, for BLU-97. These are explosives used in various cluster bombs, including the Raytheon JSOW-A.<sup>19</sup>

### **L-3 Communications<sup>20</sup>**

The US defence company L-3 communications makes 'self destruction/sub-munition grenade fuses'.<sup>21</sup> In a letter to the Norwegian central bank on 2nd June 2005 the company stated that it produces 'safety and arming devices' for various types of cluster munitions.<sup>22</sup> This includes the MK339 fuse that is used to open the canister containing the sub-munitions. The Rockeye II cluster bomb, amongst others, is opened with this device.<sup>23</sup>

### **Lockheed Martin<sup>24</sup>**

Lockheed Martin is not only the largest arms producer in the world, but also the largest supplier to the Pentagon, and the largest exporter of weapons in the world. It is not surprising that Lockheed Martin is active in the production and trade of cluster munitions.



**MLRS**

The company is the producer of the MLRS system (Multiple Launch Rocket System), a highly mobile rocket launcher system that in less than one minute can fire 12 MLRS rockets. MLRS is used for the ground launch of rockets.<sup>25</sup>

The rockets used in the MLRS-system are armed with cluster munitions. These are also produced by Lockheed Martin.

Some examples<sup>26</sup> :

- ▶ The basic MLRS rocket (M26) contains a warhead with 644 M77 sub-munitions (DPICM) and has a range of 32 km. This means that up to 8000 sub-

munitions can be spread within one minute.

- ▶ The 'guided' MLRS XM30 rocket has a range of 60 km and contains 404 DPICM sub-munitions. It has been in production since 2003. The US plan to produce more than 100,000 of these rockets.<sup>27</sup>
- ▶ The ATACMS Block 1A has a range of 300 km and contains 275 M74 sub-munitions<sup>28</sup>.

In March and April 2003 MLRS cluster munitions were used in the war against Iraq.

The use of ground launched cluster munitions (including MLRS) by the US and British ground troops is the most significant cause of the high number of civilian casualties in the war. These weapons were used against populated areas including Baghdad, Basra, al-Hilal, al-Najaf and Karbala.

The MLRS cluster munitions were used primarily for long range attacks. The majority of the sub-munitions used by the US were DPICMs. In Iraq, the standard use of these weapons was in salvos of six rockets, which means that each salvo dropped 3864 sub-munitions over an area of one square kilometre. According to a report of the US 'Office of the Under Secretary of Defense for Acquisition, Technology and Logistics' the MLRS sub-munitions have a failure rate of 16%.<sup>29</sup>

The MLRS system including rockets has already been delivered to 16 countries including the US, Israel, Bahrain and the Netherlands.

### Northrop Grumman<sup>30</sup>

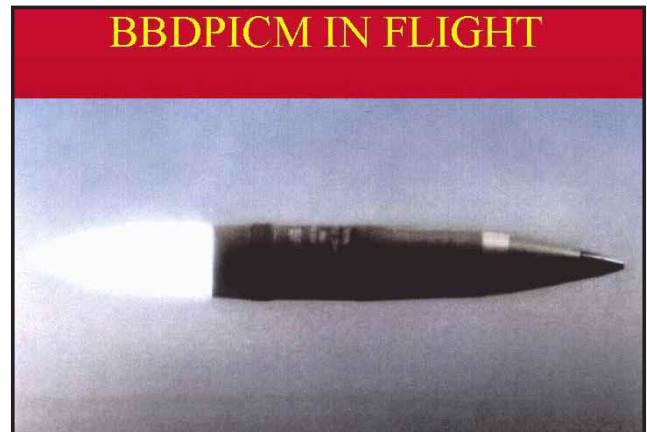
Northrop Grumman, another US arms company, produces sub-munitions including Viper Strike munitions. This sub-munition has, since 2002, been adapted and tested for use in UAV (Unmanned Ariel Vehicles), specifically in the Hunter.<sup>31</sup> The Viper Strike munition is a derivative of the BAT sub-munition, developed and produced by Northrop Grumman.<sup>32</sup> The BAT sub-munition is used in systems including the ATACMS –Block II variant cluster bomb from Lockheed Martin.



**The Viper Strike Munition**

### Poongsan<sup>33</sup>

Poongsan is a Korean multinational, active in the metal and defence sectors. Poongsan produces the cluster munition '155mm Base Bleed DPICM artillery shell' K 310 with 49 sub-munitions.<sup>34</sup>



### Raytheon<sup>35</sup>

The US Raytheon is a world leader in development and production of missile systems. The range of products includes cluster bombs.<sup>36</sup>

Raytheon produces the AGM154 Joint Standoff Weapon (JSOW). This is an air-delivered bomb, that can be dropped from a great height. JSOW can be produced in four configurations, two of which are cluster munitions.<sup>38</sup> The variant AGM154A is the standard version of the JSOW. This version is a cluster bomb that contains 145 BLU-97/B sub-munitions. These sub-munitions have both anti-personnel and anti-material effects. Each sub-munition fragments on detonation into approximately 300 pieces.

Since 1999 the US air force has used JSOW cluster bombs in Yugoslavia, Afghanistan and Iraq. The JSOW can be attached to various planes, including the F/A-18, F-16, B-2, B-52.<sup>39</sup>

Raytheon is also the producer of the Tomahawk cruise missile. These missiles are fired from ships or submarines. The Tomahawk rockets have various possible warhead configurations. One of these is a sub-munition container with Combined Effect Bomblets. The Tomahawk can, in this way, be used as a cluster munition. The Tomahawk has been used already in various wars by the US navy: Desert Storm (1991), Iraq (1993), Bosnia (1995), Desert Fox (1998), Operation Allied Force (1999).<sup>40</sup>

### Rheinmetall<sup>41</sup>

A joint venture between the German defence group Rheinmetall and Diehl Munitionssystemen produces systems including a 155mm projectile, the sensor-fused SMArt. This contains 2 sub-munitions.<sup>42</sup>

In the past, Rheinmetall also produced DM-632/642 and DM-652 artillery shells for the M-85 sub-munitions of Israeli Military Industries (IMI). It is unclear if this industrial cooperation continues.

### **Textron**<sup>43</sup>

The US company Textron also produces cluster bombs and sub munitions.<sup>44</sup>

Textron produces the CBU-105 Sensor Fused Weapon, a cluster bomb, for the US airforce. This cluster bomb was first used in 2003 during the war against Iraq. The sub-munitions in these weapons were also made by Textron: the BLU-105. According to Textron, these are the only 'smart' sub-munition being produced in the United States.

Textron has also developed the 'Selectively Targeted Skeet' STS sub-munitions, which can be used in UAV (Unmanned Ariel Vehicles), amongst other applications.

### **Thales**<sup>45</sup>

The French defence group Thales is since November 2005 the 100% owner of TDA. TDA specialises in areas including missiles. In a letter to the Norwegian central bank, TDA describes its PR Cargo artillery grenade as a cluster munition. It contains 16 sub-munitions with both anti-personnel and anti-tank effects.<sup>46</sup>

The Belgian subsidiary of TDA, Forges de Zeebrugge, was the biggest opponent of a Belgian ban on cluster munitions. The arguments used by the company included the claim that a ban on cluster munitions in Belgium would cost many jobs at the company and suppliers. Forges de Zeebrugge stated that the FZ101 rocket programme was in danger. These rockets contain eight sub-munitions. The company was awarded a contract in 2002 to supply this weapon for the German Tiger helicopter.<sup>47</sup>

## **OTHER COMPANIES**

The companies listed above are not the only companies involved in the production of cluster munitions, rather they are the stock market listed companies.

There are also a number of companies, not listed on the stock market, that are involved in the production of cluster munitions, including **Diehl Munition Systeme, Giat industries, FAMAE, Dezamet.**

There are also companies such as **Honeywell**, that were certainly involved in the past with the production of cluster munitions, but which we cannot be sure if

they are still involved.

Other stock market listed companies such as **GenCorp, Aerostar, Aselsan** and **Singapore Technologies** are not discussed in this report, as we found no financial links between these companies and the researched bank groups.

A company to keep an eye on is **Israeli Military Industries**, a producer and exporter of a range of cluster bombs. The company is currently owned by the Israeli state, but a privatisation of the company is on the way.



# CHAPTER 3:



## The investors

This chapter goes deeper into the investments of five bank groups in the companies involved in the production of cluster munitions. The five bank groups are AXA, Dexia, Fortis, ING and KBC.

AXA has so far not made a statement against involvement with cluster munitions. The other four financial groups have all adapted their policies regarding involvement in cluster munitions during 2004 and 2005, under pressure from the campaign 'My Money. Clear Conscience?'. In this report, we investi-

gate whether this policy is being implemented, and in how far this policy is sufficient to avoid involvement in cluster munitions.

On 6th June 2006, all banks received a letter in which they were confronted with the finding of the research of Netwerk Vlaanderen. They were given two weeks in which to react to and send more up to date investment information regarding their investments.



### 3.1. AXA



AXA invests **more than US\$5.5 billion** in all 13 researched companies that produce cluster munitions. The high proportion of Textron (10.14%), BAE Systems (8.62%) and Northrop Grumman (4.36%) are particularly noteworthy. AXA has even increased its shareholdings in some companies since 2004: in EADS from 0.03% to 1.46%; in General Dynamics from 0.46% to 1.38%, in BAE Systems from 1.40%

#### The cluster munitions policy of AXA

AXA has not developed any policy regarding investment in companies producing cluster munitions. AXA has taken an attitude that it describes as being neutral, and will not take a position. AXA simply follows the law. As there is no international treaty that forbids the production of cluster munitions, AXA does not feel able to stop its investments in cluster munitions.

#### AXA's cluster munition investments in 2006



to 8.62% and in Raytheon from 0.28% to 1.15%. The investments in ATK and Lockheed Martin are lower than in 2004.

**Table 1: AXA investments in producers of cluster munitions<sup>48</sup>**

	Number of shares in the company	Value of the shares in the company (in US\$)	% of shares
ATK	205,069	16,132,778	0.58%
BAE Systems	288,433,104	2,065,218,617	8.62%
EADS	11,926,030	420,511,818	1.46%
Finmeccanica	691,421	16,089,367	0.16%
General Dynamics	5,559,162	354,841,310	1.38%
L-3	642,130	48,166,171	0.53%
Lockheed Martin	1,917,094	139,813,665	0.44%
Northrop Grumman	15,280,182	990,002,992	4.36%
Poongsan	56,600	1,161,432	0.18%
Raytheon	5,117,212	236,619,883	1.15%
Rheinmetall	102,752	7,393,006	0.29%
Textron	13,255,775	1,246,175,408	10.14%
Thales	236,792	9,298,822	0.14%
<b>Total</b>		<b>5,551,425,269</b>	

AXA did not reply to the research results found in this report.

In general, it can be remarked that the situation with AXA has certainly not improved: the investment in cluster munitions has increased.

AXA offers investment funds in Belgium that invest in cluster munitions. Belgium passed a law banning cluster munitions in February 2006.

During June, AXA will sell the shares that it has for its own portfolio in ATK, Singapore Technologies and Textron. This has nothing to do with the involvement of these companies in cluster munitions, rather their involvement in the development or production of land mines. AXA will continue to invest in these companies via indirect investments (via funds and other investments made for third parties). The disinvestment from these companies amounts to a value of US\$ 11,600,000, less than 1% of the investments of AXA in these companies.<sup>49</sup>

#### Conclusion

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AXA is the only one of the five researched banks that continues to invest without any restrictions in cluster munitions, currently considered one of the most controversial weapons.

After three years of campaigns and research dealing with the weapon investments of AXA, we can state that AXA is not a bank group for customers that do not wish to invest in cluster munitions or in the weapon industry in general.

## 3.2. DEXIA



Dexia invests **almost US\$ 52 million** in 8 of the 13 researched producers of cluster munitions. These are only rather small amounts in the companies, which are all indirect investments via investment funds. Dexia has no direct investments in these companies.

Noticeable is that most Dexia investment funds offering shares in these companies are also available in Belgium. Belgium passed a law banning cluster munitions in February 2006.

### The cluster munitions policy of Dexia

Dexia has developed a policy that does not allow project financing for research, development or production of defensive or offensive weapons, including cluster munitions. No general business loans will be given to companies for which the core business is the arms industry, and no shares will be bought directly in these companies. Only indirect investments, (via investment funds) in the weapon industry are not excluded.<sup>50</sup>

This general weapon policy is completely applicable to the producers of cluster munitions named in this report.

### Dexia's cluster munition investments in 2006

Dexia responded to the first research results, and sent details of the most recent figures to Netwerk Vlaanderen.



**Table 2: Dexia investments in producers of cluster munitions <sup>51</sup>**

	Number of shares in the company	Value of the shares in the company (in US\$)	% of shares
ATK	0	0	-
BAE Systems	1,676,935	10,655,742	0.05%
EADS	776,393	24,081,763	0.10%
Finmeccanica	135,777	2,890,991	0.03%
General Dynamics	0	0	-
L-3	0	0	-
Lockheed Martin	48,002	3,398,542	0.01%
Northrop Grumman	90,908	8,839,840	0.04%
Poongsan	0	0	-
Raytheon	22,664	975,232	0.01%
Rheinmetall	0	0	-
Textron	500	43,515	0.00%
Thales	22,604	827,067	0.01%
<b>Total</b>		<b>51,712,492</b>	

Dexia has removed Textron and General Dynamics from all investment funds. This is due to the involvement of these companies in the development of new anti-personnel mines for the US army. Dexia has a rule of 100% exclusion for companies involved in anti-personnel landmines.

## Conclusion

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### *Conformity with the policy*

As Dexia only invests in producers of cluster munitions via investment funds and not for its own portfolio, these results are completely in line with the policy of Dexia. According to these figures, Dexia is implementing its own cluster munitions policy correctly.<sup>52</sup>

### *Evaluation of the policy*

This research shows that the policy of Dexia has some shortcomings. Dexia refuses to apply the arms policy to investment funds. This means that the investor who invests via a Dexia investment fund continues to invest in producers of cluster munitions. Dexia continues to offer investments in very controversial weapons to its customers.

### 3.3. FORTIS



#### The cluster munitions policy of Fortis

Fortis has developed a policy where it states that it no longer wishes to be involved in the financing of, or direct investments in, controversial weapons. Amongst other types of weapons, cluster munitions are considered to be controversial weapons.

Fortis does not exclude these controversial weapons from its investment funds.

#### Fortis cluster munition investments in 2006

##### *Credit facility*

In July 2005 EADS renewed its continuing credit facility with an international bank syndicate of 36

banks. The credit facility is worth 3 billion over seven years. The facility allows EADS to borrow money quickly when EADS is confronted with exceptional costs or investment opportunities. This facility also serves as a back-up for the EMTN<sup>54</sup> programme of EADS, through which the company regularly issues obligations. For the buyers of these obligations, the credit facility offers a guarantee that the company always has enough money to pay the obligations and interest.



Fortis has a share of **45 million** in this credit facility.<sup>55</sup>

##### *Investments*

**Table 3: Fortis investments in producers of cluster munitions <sup>56</sup>**

	Number of shares in the company	Value of the shares in the company (in US\$)	% of shares
ATK	0	0	-
BAE Systems	6,280,647	44,969,433	0.19%
EADS	36,765	1,296,334	0.00%
Finmeccanica	31,322	728,863	0.01%
General Dynamics	1,068	68,170	0.00%
L-3	228,501	17,139,860	0.19%
Lockheed Martin	503,607	36,728,059	0.12%
Northrop Grumman	28,109	1,821,182	0.01%
Pongsan	0	0	-
Raytheon	94,996	4,392,615	0.02%
Rheinmetall	257,607	18,534,824	0.72%
Textron	249,370	23,443,274	0.19%
Thales	54,083	2,123,839	0.03%
<b>Total</b>		<b>151,246,452</b>	



Fortis invests **between US\$90 million and US\$150 million** in 11 of the 13 researched producers of cluster munitions. Fortis reacted to the research results of Netwerk Vlaanderen, and gave up to date figures regarding its investment portfolio<sup>57</sup>. At the moment, these figures are not yet complete and cannot be published. However, it appears that investments are currently a little lower than the figures in the table that date from the start of 2006. The main points remain the same: Fortis invests rather small amounts in the companies, via indirect investments. The investments in companies such as BAE Systems and Lockheed Martin have increased since 2004.

It is noteworthy that many of the Fortis investment funds that invest in producers of cluster munitions are also on offer in Belgium. Belgium passed a law banning cluster munitions in February 2006.

The investments of Belgian investment funds in General Dynamics and Textron have been sold. This decision is related to the role of these companies in the development of new anti-personnel mines.

## Conclusion

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### *Conformity with the policy*

- ▶ The credit facility extended to EADS is an unacceptable financing of an activity that is related to cluster munitions. This financing is either a breach of Fortis's own policy, or a sign that this policy does not promise much. Fortis states that no new transactions will be accepted that are related to controversial weapons. Ending existing relationships is a decision of last resort, certainly when dealing with 'a conglomerate that only has a small involvement in controversial weapons'. If this loophole is used to ensure lucrative deals with EADS, it appears that the weapon policy is not effective. This is a direct financing of a company that is clearly involved in at least two weapon systems that are considered controversial by Fortis: cluster munitions and nuclear weapons. EADS is the second largest weapon producer in Europe.
- ▶ The research into shares held by Fortis does not allow us to make 100% certain that these are only indirect investments. If these shares are only held by investment funds, the results are fully in order with the policy of Fortis.<sup>58</sup>

### *Evaluation of the policy*

- ▶ This research shows that the policy of Fortis has shortcomings. Fortis refuses to apply its weapons policy to investment funds. This means that the investor who invests via a Fortis investment fund continues to invest in producers of cluster munitions. Fortis continues to offer investments in very controversial weapon systems to its customers.
- ▶ There are also huge loopholes in the policy regarding the direct financing of arms companies. The financing of EADS highlights that highly lucrative deals quickly encourage Fortis to drop ethical concerns in favour of commercial interests. This seems to reduce the weapon policy to something that only exists on paper.

### 3.4. ING



the buyers of these obligations, the credit facility offers a guarantee that the company always has enough money to pay the obligations and interest.

ING has a share of **85 million** in this credit facility.<sup>61</sup>

#### The cluster munitions policy of ING

ING has also developed a policy in which it states that it does not wish to be involved in the financing or direct investments in controversial weapons. Amongst other weapon systems, cluster munitions are considered by ING to be controversial weapons. As with Dexia and Fortis, ING has not excluded these controversial weapons from investment funds.<sup>59</sup>

#### ING cluster munition investments in 2006

##### *Credit facility*

In July 2005 EADS renewed its continuing credit facility with an international bank syndicate of 36 banks. The credit facility is worth 3 billion over seven years. The facility allows EADS to borrow money quickly when EADS is confronted with exceptional costs or investment opportunities. This facility also serves as a back-up for the EMTN<sup>60</sup> programme of EADS, through which the company regularly issues obligations. For



##### *Investments*

**Table 4: ING investments in producers of cluster munitions** <sup>62</sup>

	Number of shares in the company	Value of the shares in the company (in US\$)	% of shares
ATK	57,520	4,525,098	0.16%
BAE Systems	8,423,791	60,314,344	0.25%
EADS	8,000	282,080	0.00%
Finmeccanica	0	0	-
General Dynamics	1,026,805	65,540,963	0.25%
L-3	43,340	3,250,933	0.04%
Lockheed Martin	906,880	66,138,758	0.21%
Northrop Grumman	270,877	17,550,121	0.08%
Poongsan	0	0	-
Raytheon	1,215,417	56,200,882	0.27%
Rheinmetall	0	0	-
Textron	75,126	7,062,595	0.06%
Thales	60,365	2,370,534	0.04%
<b>Totaal</b>		<b>283,236,309</b>	

ING invests **more than US\$283 million** in 10 of the 13 researched producers of cluster munitions. These are rather small investments in these companies. However, there are a few caveats to this statement: investments have increased in BAE Systems (from 0.05% to 0.25%) and Raytheon (from 0.07% to 0.27%) in comparison to 2004.

ING also offers investment funds in Belgium that invest in these producers of cluster munitions. Belgium passed a law banning cluster munitions in February 2006.

ING reacted to the research results, but did not send up to date information regarding the investments in these companies. They only stated that these shareholdings are indirect, and ING does not hold any direct investments in the companies that feature in this report.<sup>63</sup> ING refuses to disclose the names of the companies that are excluded from investment under its weapons policy.

## Conclusion

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### *Conformity with the policy*

- ▶ The credit facility extended to EADS is an unacceptable financing of an activity that is related to cluster munitions. This financing is either a breach of ING's own policy, or a sign that this policy does not promise much. The weapon policy of ING only excludes producers of controversial weapons from new financing and direct investment. An exception is made for companies involved in controversial weapons, but which are primarily civilian. If this loophole is used to make lucrative deals with EADS, it is clear that this policy is not effective. If this loophole is used to ensure lucrative deals with EADS, it appears that the weapon policy is not effective. This is a direct financing of a company that is clearly involved in at least two weapon systems that are considered controversial by ING: cluster munitions and nuclear weapons. EADS is the second largest weapon producer in Europe. Despite the civilian activities, it is difficult to argue that the company is primarily civilian.
- ▶ The research into shares held by ING does not allow us to make 100% certain that these are only indirect investments. If these shares are only held by investment funds, as ING claims, the results are fully in order with the policy.<sup>64</sup>

### *Evaluation of the policy*

- ▶ This research shows that the policy of ING has shortcomings. ING refuses to apply its weapons policy to investment funds. This means that the investor who invests via a ING investment fund continues to invest in producers of cluster munitions. ING continues to offer investments in very controversial weapon systems to its customers.
- ▶ There are also huge loopholes in the policy regarding the direct financing of arms companies. The financing of EADS highlights that highly lucrative deals quickly encourage ING to drop ethical concerns in favour of commercial interests. This seems to reduce the weapon policy to something that only exists on paper.

## 3.5. KBC



### The cluster munitions policy of KBC

KBC adopted a policy on controversial weapons in 2004. According to KBC, these are 'weapons whose use in the past half century has caused great suffering to innocent civilians'. Cluster munitions are one of the weapons systems that KBC finds controversial.

KBC is the only bank group in this research that applies this policy not only to financing companies and direct investments, but also indirect investment for active and passive investment funds. (It is only the passive institutional investment funds that are excluded.)<sup>65</sup>

KBC is also the only bank group that has made public the list of companies that are excluded by this policy. The list was brought up to date in the early

part of 2006, with eleven companies being added to the list. The following companies are on the list as a result of their involvement with controversial weapons: Aerostar, ATK, Aselsan, BAE Systems, EADS, Finmeccanica, GenCorp, General Dynamics, Honeywell International, L-3 communications, Lockheed Martin, Magellan Aerospace, Northrop Grumman, Poongsan, Raytheon, Rheinmetall, Singapore Technologies Engineering, Textron and Thales.

### KBC cluster munition investments in 2006

KBC has given Netwerk Vlaanderen full access to information about investments of the bank in cluster munition producers.

**Table 5: KBC investments in producers of cluster munitions** <sup>67</sup>

	Number of shares in the company	Value of the shares in the company (in US\$)	% of shares
ATK	0	0	-
BAE Systems	152,041	818,980	0.00%
EADS	10,340	276,596	0.00%
Finmeccanica	17,029	295,794	0.00%
General Dynamics	5,226	259,592	0.00%
L-3	5,197	312,946	0.00%
Lockheed Martin	5,749	319,501	0.00%
Northrop Grumman	14,065	700,084	0.00%
Poongsan	0	0	-
Raytheon	6,806	235,097	0.00%
Rheinmetall	1,939	103,078	0.00%
Textron	1,784	125,888	0.00%
Thales	2,623	77,982	0.00%
<b>Total</b>		<b>3,525,538</b>	

KBC still invests **US\$3.5 million** in 11 of the 13 researched cluster bomb producers. All of these investments take place through index funds: KBC Index Fund (compartments Europe, United States and World) and Plato Institutional Index Fund (Euro Equity, European Equity and North American Equity). All other KBC investment funds have completely withdrawn from investments in cluster munition producers.

These are very small investments in the researched companies, and all the investments have dramatically reduced since 2004.

KBC continues to offer two index funds in Belgium that invest in cluster munition producers. Belgium passed a law banning cluster munitions in February 2006.

Regarding the KBC Index Fund (a fund that is on the market for individuals), KBC is looking for a good solution that takes account of the weapon policy, the wishes of the customers, and the legal obligations of index funds.<sup>68</sup>

## Conclusion

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### *Conformity with the policy*

KBC is clearly implementing the policy of the bank group. A solution remains to be found for investments for the KBC Index Fund.<sup>69</sup>

### *Evaluation of the policy*

KBC is following a very sound policy regarding cluster munitions. KBC is the only bank group in this report that applies the policy to indirect investments, and thus takes full responsibility for its investments. KBC has also made a very thorough update in 2006 to the "black list" of cluster munitions producers. The quality of the policy and the quality of the implementation is higher with KBC than the other bank groups.



## 3.6. CONCLUSION

### Cluster munition-free banks?

Investments in cluster munitions have been an important issue over the past two years in the context of the social responsibility of banks in Belgium. The discussion has been carried out in the financial sector, between banks and companies, and between banks and NGOs. Some banks have developed a stronger policy, and attempted to implement them. This appears to be a great step forwards. But for the victims, there is only one concern: cluster munitions have no place in the world, and stopping the flow of money to cluster munition producers is one important way of achieving this.

It appears from this research that only one bank group over the past two years has really understood this. **KBC** has adopted a very strict policy, and has effectively withdrawn completely from cluster munitions. KBC is the only bank that wishes to completely distance itself from this weapon system and has almost completely achieved this.

At the other end of the spectrum is **AXA**. This French banking and insurance company has not taken any responsibility in this case, and continues to invest in all producers of cluster munitions. The investments of AXA in most of these companies have even increased significantly.

**Dexia, Fortis and ING** have adopted a policy that ensures a partial withdrawal from cluster munitions. This policy is completely insufficient. They continue to offer their customers investment funds that invest in cluster munitions. Netwerk Vlaanderen and the partners from the peace movement continue to oppose this practice.

Regarding **Dexia**, it appears that the policy has been clearly implemented.

We have to pose serious questions regarding the loopholes in the policy of **Fortis and ING**. The direct financing of EADS by ING and Fortis show that when the implementation of the cluster munitions policy threatens the loss of important deals or large customers for the bank, the ethical policy suffers. Such deviations from the policy are not acceptable. We are dealing with a weapon that has caused the death and injury of many innocent civilians. The financing of EADS damages the believability and vigorousness of the current policy of Fortis and ING.

### Transparency

All banks (except AXA) have made their policy public, (normally via their website). KBC also comes out ahead regarding the supply of information. **KBC** is the only bank to make public the list of companies that they exclude. **Dexia, Fortis and ING** do not inform the public about the implications of their policy (the excluded companies).

**Dexia, Fortis and KBC** have answered the request of Netwerk Vlaanderen to assist this research by supplying full and detailed information regarding the companies. In contrast, **ING** does not share information with third parties about excluded companies or investments. **AXA** has not replied to the questions.

#### **Demands of the campaign 'My Money. Clear Conscience?' to the bank group regarding cluster munitions.**

- Stop all investments in cluster munitions<sup>70</sup>;
- Give clear and transparent public information regarding the policy and its implications, and regarding investment and financing portfolio.

# CHAPTER 4:



## A role for the government

The campaign 'My Money. Clear Conscience?' has clearly set a number of issues in motion: a number of banks have developed and implemented a stricter weapon policy. Some have also taken steps in respect of the information regarding investments in the weapon industry.

The report shows that there are a number of big problems: not all banks are following this path, an initiative from the banking sector that goes further than an implementation of the law is not in force, glowing ethical principles do not seem to obstruct the financing of controversial weapon systems, and control on the implementation of the policies remains practically impossible.

Leaving everything to the self-regulation of the sector does not lead to the desired results. It is also important that the government plays a role in drawing up guidelines.

### 4.1. CLUSTER BOMBS NOT WANTED

In the spring of 2006, Belgium became the first country in the world to ban the use, sale, production, and trade in cluster munitions. Belgium has achieved an important breakthrough here. But Belgium does not stand alone in the struggle against cluster munitions. The struggle against cluster munitions is being carried out in many countries, and various international fora including the EU and UN (see chapter 1.2).

Now that cluster bombs are illegal in Belgium, it seems logical that a law proposal is introduced and agreed in the Belgian parliament that bans the financial support for the production of these weapons. Belgium already passed a similar law in 2004 regarding the financing of anti-personnel landmines. Belgium is supported here by the resolution of the

European Parliament from July 2005, which calls on all EU member states to ban the investment in cluster munitions.

It goes without saying that a ban on cluster munitions and the investment in cluster munitions should also be introduced at an international level.

This research shows that without such a ban, some banks can play a pioneering role, but that the financing by other banks will continue, and in some cases even increase.

## 4.2. TRANSPARENCY

The whole financial sector has taken clear steps forward in transparency, under pressure from the campaign 'My Money. Clear Conscience?' The weapon policy of various banks has been made public, and KBC has even released the list of companies excluded from its portfolio.

For the first time, during this research, Netwerk Vlaanderen has successfully received information about the investment portfolios of three bank groups (Dexia, Fortis and KBC).

For the client, however, it remains difficult to find clear information. The policy statements of the bank groups are often full of wonderful words and great principles, as well as exceptions and loopholes. Information on what this policy means in concrete terms, is mainly not available or is obscured by terms such as confidentiality, 'Chinese walls', etc.

It appears that the client is expected to believe that the complex defence policy texts mean that the "dirty weapons are out now". This report shows that this is not always the case.

Self regulation by the sector does not give access to clear and full information. It is up to the government to ensure that client has access to the correct information regarding the weapon policy of their bank, and that the implementation of the policy can be assessed. Extra legislation is necessary. These initiatives must ensure that:

- ▶ all financial institutions must reveal their weapon policy and explain the concrete implications of this policy;
- ▶ all financial institutions must reveal their investment portfolios in these and other companies.

## 4.3. THE GOVERNMENT CAN SET AN EXAMPLE

Now that the Belgian government has decided to outlaw cluster munitions in Belgium, it appears logical that the government takes account of this for its own investments and savings. A Belgian local authority, province, region, federal government or government fund that invests in producers of cluster munitions via its bank seems to be in contradiction with the clear choice of Belgium against cluster munitions.

Brussels, July 2006

## FOOTNOTES

- <sup>1</sup> US Cluster Bombs for Turkey?, A Human Rights Watch Report, vol. 6, no. 19, December 1994, <http://www.hrw.org/reports/1994/turkey2/>
- <sup>2</sup> Gulf War Air Power Survey, US Air Force, vol.II, pt. I (1993)
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- <sup>4</sup> Law regarding the economic and individual activities with weapons, 8th June 2006, appears in the Belgian State Monitor on 9th June 2006.
- <sup>5</sup> All over the world, progress and initiatives on cluster munitions, Ban Mines Newsletter, N° 17, April 2006, Handicap International.
- <sup>6</sup> <http://www.atk.com>
- <sup>7</sup> <http://imi-israel.com>
- <sup>8</sup> <http://defence-data.com/eurosatory2000/pagees24.htm>
- <sup>9</sup> <http://www.globalsecurity.org/military/systems/munitions/m85.htm>
- <sup>10</sup> <http://www.baesystems.com>
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- <sup>12</sup> <http://www.finmeccanica.it/Holding/IT/index.sdo>
- <sup>13</sup> <http://www.mbdba.net>
- <sup>14</sup> Test Firing concludes MBDA extended Range GMLRS Technology Demonstrator Programme, press release MBDA, 27th July 2005
- <sup>15</sup> <http://www.generaldynamics.com>
- <sup>16</sup> <http://www.gdatp.com/Products/PDFs/Hydra-70.pdf>
- <sup>17</sup> <http://www.fas.org/man/dod101/sys/missile/hydra-70.htm>
- <sup>18</sup> <http://www.gdatp.com/news/NR06-02.htm>
- <sup>19</sup> A Further Eight Companies Excluded from the Petroleum Fund; [http://www.odin.dep.no/fin/english/topics/pension\\_fund/p10002777/screening/recommendations/006071-110251/dok-bn.html](http://www.odin.dep.no/fin/english/topics/pension_fund/p10002777/screening/recommendations/006071-110251/dok-bn.html)
- <sup>20</sup> <http://www.l-3com.com>
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- <sup>22</sup> A Further Eight Companies Excluded from the Petroleum Fund; [http://www.odin.dep.no/fin/english/topics/pension\\_fund/p10002777/screening/recommendations/006071-110251/dok-bn.html](http://www.odin.dep.no/fin/english/topics/pension_fund/p10002777/screening/recommendations/006071-110251/dok-bn.html)
- <sup>23</sup> <http://www.l-3com.com/BTFuze/html/products/mk339.htm>
- <sup>24</sup> <http://www.lockheedmartin.com>
- <sup>25</sup> <http://www.army-technology.com/projects/mlrs/>
- <sup>26</sup> The description of these products can be found on the website of Lockheed Martin, <http://www.lockheedmartin.com/wms/findPage.do?dsp=fec&ci=20&sc=400>
- <sup>27</sup> <http://www.lockheedmartin.com/data/assets/12368.pdf>
- <sup>28</sup> <http://www.lockheedmartin.com/data/assets/12364.pdf>
- <sup>29</sup> Off Target: The conduct of the War and Civilian Casualties in Iraq, Human Rights Watch, November 2003, <http://www.hrw.org/reports/2003/usa1203/>. In this report, details are given of specific cluster munition attacks on densely populated areas, and the casualties that result.
- <sup>30</sup> <http://www.northropgrumman.com>
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- <sup>37</sup> <http://www.fas.org/man/dod-101/sys/smart/agm-154.htm>
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- <sup>42</sup> [http://www.rheinmetall.com/pdfdoc/Image\\_RWM\\_e.pdf](http://www.rheinmetall.com/pdfdoc/Image_RWM_e.pdf)
- <sup>43</sup> <http://www.textron.com>
- <sup>44</sup> <http://www.systems.textron.com/index.html?topframe/top.html&leftframe/productsmenu.html&mainframe/products/precisionstrike.html>
- <sup>45</sup> <http://www.thalesgroup.com/home/home/>
- <sup>46</sup> A Further Eight Companies Excluded from the Petroleum Fund; [http://www.odin.dep.no/fin/english/topics/pension\\_fund/p10002777/screening/recommendations/006071-110251/dok-bn.html](http://www.odin.dep.no/fin/english/topics/pension_fund/p10002777/screening/recommendations/006071-110251/dok-bn.html)
- <sup>47</sup> Speech of Jean-Claude Lacroix, director of Belgian Security & Defence Industry, in the hearing in the Belgian House of Representatives, 19th December 2005.
- <sup>48</sup> Shareworld databank, Thomson Financial, consulted in June 2006.

<sup>49</sup> Letter from Cathérine Boiteux, sustainable development AXA Group to Netwerk Vlaanderen vzw, 15th June 2006.

<sup>50</sup> Letter from Daniel Caille, director for Sustainable Development Dexia Group to Netwerk Vlaanderen vzw, 12th April 2005.

<sup>51</sup> Letter from Marc Rizotto and Eric Flamand, Dexia Group to Netwerk Vlaanderen vzw, 20th June 2006 (including investment overview dated 13th June 2006); Shareworld databank, Thomson Financial, consulted in June 2006.

<sup>52</sup> We have to state our research is not exhaustive, and we cannot guarantee to have found every investment in every company.

<sup>53</sup> Fortis Defence Policy Paper, Fortis, 2005; <http://www.fortis.com/Sustainability/policy.asp>

<sup>54</sup> Euro Medium Term Note

<sup>55</sup> France, Euroweek – Issue: 913, London, 22 juli 2005; Website EADS ([www.eads.net](http://www.eads.net)), bezocht in juni 2006.

<sup>56</sup> Shareworld databank, Thomson Financial, bezocht in juni 2006.

<sup>57</sup> Letter from Babs Dijkshoorn, Fortis Group to Netwerk Vlaanderen vzw, 20th June 2006 (including investment overview dated 16th June 2006).

<sup>58</sup> We have to state our research is not exhaustive, and we cannot guarantee to have found every investment in every company.

<sup>59</sup> [http://www.ing.com/group/showdoc.jsp?docid=147251\\_EN&menopt=ins|crp|frp](http://www.ing.com/group/showdoc.jsp?docid=147251_EN&menopt=ins|crp|frp)

<sup>60</sup> Euro Medium Term Note

<sup>61</sup> France, Euroweek – Issue: 913, London, 22nd July 2005; Website EADS ([www.eads.net](http://www.eads.net)), consulted in June 2006.

<sup>62</sup> Shareworld databank, Thomson Financial, consulted in June 2006.

<sup>63</sup> Letter from Arnaud Stuart Cohen, Corporate Responsibility ING Group, to Netwerk Vlaanderen vzw, 20th June 2006.

<sup>64</sup> We have to state our research is not exhaustive, and we cannot guarantee to have found every investment in every company.

<sup>65</sup> KBC defensiebeleid, [www.kbcam.be](http://www.kbcam.be)

<sup>66</sup> KBC AM weert bijkomend elf wapenproducenten uit alle beleggingen, press release KBC AM, April 2006, [www.kbcam.be](http://www.kbcam.be)

<sup>67</sup> Letter from Wim Van Hellefont, Sustainability Researcher KBCAM, to Netwerk Vlaanderen, 14th June 2006 (including investment overview dated 8th June 2006); Shareworld databank, Thomson Financial, consulted in June 2006.

<sup>68</sup> The aim of an index fund is to follow a certain share index as closely as possible. Excluding the nineteen companies would make the difference

with the index too large, and the fund would no longer fulfil the criteria for an index fund.

<sup>69</sup> We have to state our research is not exhaustive, and we cannot guarantee to have found every investment in every company.

<sup>70</sup> The campaign demand is in the context of the general campaign demand of 'My Money. Clear Conscience?' to end all investments in the arms industry.



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Netwerk Vlaanderen vzw promotes an alternative approach to money. Money is an instrument that – if applied well – can promote a sustainable and honest society. For the past few years, Netwerk Vlaanderen has been running the campaign "My Money. Clear Conscience?" to make the investment policies of the banks public, and enforce the participation of the saver and investor in the destination of their money. Netwerk Vlaanderen provides information on sustainable investment and savings products, and supports and advises organizations and companies who (wish to) have a socially and environmentally friendly approach to money.

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Netwerk Vlaanderen and her partner organisations want to use the campaign 'My Money. Clear Conscience?' to show the financial world where its responsibilities are.

Banks work with your money. They invest that money in various companies, including those responsible for weapon production or human rights abuses. We demand that the banks are open about which companies they finance. And we demand that they end their investments in companies involved in the production of weapons and the abuse of human rights!

Other publications by Netwerk Vlaanderen in the campaign 'My Money. Clear Conscience?'

My Money. Clear Conscience? – research into the financial links between banks and weapon producers, Christophe Scheire, October 2003 (Dutch only)

Cluster Bombs, Landmines, Nuclear Weapons and Depleted Uranium Weapons. A report on the financial links between banks and the producers of controversial weapon systems, Christophe Scheire, April 2004

Banks Disarm(ed). An Overview of the results of the campaign 'My Money. Clear Conscience?', Christophe Scheire and Luc Weyn, April 2005

AXA invests heavily in new US landmine producers, Christophe Scheire, October 2005.

Where do you draw the line? - Research into the financial links between five bank groups and companies that abuse human rights, Inez Louwagie, Luc Weyn and Mathias Biestman, November 2005.

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