



## The Controversial Investments of the Nobel Foundations – what we found and how we found it

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### Introduction

[The Nobel Foundation](#) has conducted several ethically controversial investments, including investments in weapon companies, tobacco companies and – ten years after Al Gore and the UN Panel on Climate Change was awarded the Nobel Peace Prize – coal and oil companies. This is evidence brought by a new [research](#) conducted by the Norwegian NGO Future in our hands (Framtiden i våre hender).

The Nobel foundation, which manages the assets for the awarding of the Nobel Prizes, is invested in SAAB AB, among the largest producers in the world of weapons and security systems, the tobacco giant British American Tobacco and the Swedish Match AB (both excluded from the Norwegian Government Pension Fund) and several problematic coal and oil companies, like RWE.

**The research suggests that it is highly likely<sup>1</sup> that the foundation is invested in companies that are excluded from the [Norwegian Government Pension Fund](#) due to production of nuclear weapons. These companies include Airbus, Grumman Airbus, Boeing, Safran and Northrop Grumman Corp.**

The research also shows that the Nobel Foundation lacks clear and solid ethical guidelines for its investments, which is remarkable for a fund of its size and with a prominent international role. The Foundation's reporting falls short of transparency, as the information provided in the Annual Report does not allow an exact identification of several of the funds, and hence make them difficult or impossible to assess thoroughly.

### Methodology

As starting point, we used [the Nobel Foundation 2016 Annual Report](#), for an overview of the Fund management of the Nobel Foundation. The Foundation does not make any direct investments itself, it invests in funds that make the actual investments, and The Annual Report of the Foundation provides an overview over which funds the Foundation has chosen for its investments. That list contains thirteen different equity funds, eight property funds, ten hedge funds and three funds for fixed income investments. Our investigation has focused on the equity funds only, partly because this is where we have been able to gather information on where different funds have invested.

Then we screened the thirteen equity funds through the fund database provided by Morningstar. This screening was not without problems, as the fund names given by the Foundation's Annual Report did not coincide with the names in the database. The lack of clarity and precision in the Foundation's reporting imposes different degrees of certainty about the investments made.<sup>2</sup> We had to differentiate the investment between those we regard as proven, those we regard as highly likely, and those we regard as likely.

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<sup>1</sup> See p 4 for explanation on why we label this "highly likely"

<sup>2</sup> This is not made easier by the fact that the Foundation in their Annual Report uses different names in the text and in the overall presentation of the different funds, for example IPM RAFI Europe (p 13) / RAFI Europe Index (p 24)



These are the thirteen funds named by the Annual Report, and their market value (Swedish Krone and US Dollar) at the end of 2016:<sup>3</sup>

	<b>SEK 1000</b>	<b>USD 1000</b>
<b>RAFI US Index</b>	118,984	13,130
<b>RAFI Europe Index</b>	119,483	13,185
<b>Aberdeen GEM</b>	191,868	21,172
<b>SHB Europa Index</b>	178,518	19,699
<b>SHB Svenska Småbolag</b>	1,148	0,127
<b>SHB Sverige OMXSB</b>	445,673	49,179
<b>Viking Long Fund</b>	325,738	35,945
<b>Partners Capital Condor III</b>	36,440	4,021
<b>Partners Capital Condor IV</b>	35,543	3,922
<b>T. Rowe Mid Cap Fund</b>	295,310	32,587
<b>First State Asia</b>	177,391	19,575
<b>Blackrock MSCI US</b>	90,973	10,039
<b>The Column Group</b>	4,170	460

### Three categories of funds

We have screened the Morningstar database for these funds. Based on this screening, and some additional searching through the web, we sorted the funds into three different categories: 1) Funds we know, beyond any reasonable doubt, that the Nobel Foundation has invested in; 2) Funds where it is highly likely or likely that the Foundation has invested; and 3) funds we cannot (yet) identify. The following categorisation of the probability for the different companies is based on this sorting.

It is important to emphasize that we have only screened the different equity funds. We have tried to screen the other funds as well, especially the hedge funds, based on open information accessed on the internet, but we have not been able to identify them based on the information we have at the moment – and also, Morningstar is not providing information regarding holdings in these funds. This means that the total exposure to highly problematic investments may be underestimated in our research, and should be taken as an indicative of the total exposure.

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<sup>3</sup> [The Nobel Foundation, Annual Report](#), p 24



## Identified Funds and companies

The three funds called SHB are funds from the Swedish Handelsbanken, as SHB is an abbreviation for Svenska Handelsbanken.<sup>4</sup> In the SHB funds we have found the following companies:

### Conventional Weapons

The Nobel Foundation is invested in SAAB AB, who produces defence and security systems, through the fund Handelsbanken (SHB) Sverige OMXSB.

Note that Nobel Prizes in the past has been given to several actors for their efforts for disarmament:

- The Nobel Peace Prize 2005: International Atomic Energy Agency (IAEA) and Mohamed El Baradei" for their efforts to prevent nuclear energy from being used for military purposes and to ensure that nuclear energy for peaceful purposes is used in the safest possible way"
- The Nobel Peace Prize 1995: Joseph Rotblat and Pugwash Conferences on Science and World Affairs: "for their efforts to diminish the part played by nuclear arms in international politics and, in the longer run, to eliminate such arms"
- The Nobel Peace Prize 1985: International Physicians for the Prevention of Nuclear War: [https://www.nobelprize.org/nobel\\_prizes/peace/laureates/](https://www.nobelprize.org/nobel_prizes/peace/laureates/)

### Fossil fuel companies:

- RWE, one of Germany's and Europe's largest coal companies. Owns coal mines and coal power plants. 55 % of the company's energy production is based on coal.
- SSE, large power producer, mixes coal, oil and renewables in the power production.
- Total – French oil company. Has, according to Fossil Free Indexes, oil and gas reserves amounting to 8 gigatons CO<sub>2</sub>.
- British Petroleum – has, according to Fossil Free Indexes reserves amounting to 6,7 gigatons CO<sub>2</sub>.
- Other fossil companies with large fossil reserves: Repsol and OMV. Also, Swedish-Norwegian Lundin Petroleum, which is under investigation in Sweden for possible crimes in South Sudan.
- Africa Oil Corp is a small oil company with interests in Ethiopia and Kenya. Has in the past owns a controversial oil block in Puntland, a province in Somaliland. The oil block is in a disputed area between Puntland and Somaliland.

### Other ethically controversial companies.

The following tobacco companies, which are excluded from the Norwegian Government Sovereign Wealth Fund, are found inside the SHB funds:

- British American Tobacco
- Swedish Match AB
- Rio Tinto, which is excluded from the Norwegian Government Pension Fund due to serious environmental damage.

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<sup>4</sup> <https://www.handelsbanken.se/sv/>. In addition to this, the text in the Annual Report mentions Handelsbanken Sweden Fund Index and Handelsbanken Europe Fund Index, p 13.



## Highly likely or likely investments by the Nobel Foundation

### RAFI US Index

A Morningstar search for “RAFI US Index” did not give us any direct hits. However, there are several funds named RAFI, and one of these contains only US companies: L&G FTSE RAFI US Eq Inc S USD.

In the 2015 edition of the Nobel Foundation Annual Report the fund is named IPM RAFI US, where IPM is a Swedish fund manager. The Annual Report from IPM includes one US Equity Fund, which contains a list of all equity investments.<sup>5</sup>

**Some of the companies we have found, are placed in both these portfolios. Hence, the report suggests that it is highly likely that the Nobel Foundation has invested in these companies.** Both portfolios contain the following controversial companies:

### Nuclear weapons

- Boeing
- Northrop Grumman Corp.

Both Boeing and Northrop Grumman are excluded from the Norwegian Government Pension Fund due to production of nuclear weapons.<sup>6</sup>

### Coal

- Duke Energy, large coal company. Excluded by the Norwegian Government Pension Fund due to serious environmental damage.
- Xcel Energy, FirstEnergy and CONSOL Energy, coal companies excluded from the Norwegian Government Pension Fund due to coal production.
- Southern Co, on the Norwegian Government Pension Fund’s «observation list» for coal companies.
- PPL Corp, and Arch Coal, coal companies.

### Oil

- Exxon Mobil
- ConocoPhillips
- Occidental Petroleum Corp
- Phillips 66
- Murphy Oil Corp

All these companies are controversial due to active negative influencing of climate regulations.<sup>7</sup> Phillips 66 was one of the owners of the controversial Dakota Access Pipeline.

Some companies are only found in one of the fund lists. One possible explanation on this could be that the lists might be screened at different dates – the Annual Report for IPM US Equity Fund shows the portfolio per 31. December 2016, the portfolio from Morningstar is from our screening, from September 2017. **In other words, we regard it as likely that the Nobel Foundation has invested in the following companies – even though they are on only one of the lists.**

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<sup>5</sup> <http://www.ipm.se/wp-content/uploads/2017/06/IPM-Umbrella-Fund-Annual-Report-2016.pdf>

<sup>6</sup> <https://www.regjeringen.no/no/aktuelt/exclusions-from-the-government-pension-f/id419804/>

<sup>7</sup> According to [Influence Map](#)



Companies only found in L&G FTSE RAFI US Eq Inc S USD:

- General Dynamics corporation (cluster bombs)
- Lockheed Martin Corp (nuclear weapons)

Companies only found in IPM US Equity Fund:

- Jacobs Engineering Group Inc. (nuclear weapons)
- Honeywell International Inc. (nuclear weapons)

RAFI Europe Index

A search for RAFI Europe Index did not produce any result. However, in the Annual Report (p 13), this Fund is named “IPM Rafi Europe”.<sup>8</sup> The Swedish Fund Manager IMP has a fund called “IPM Europe Equity Fund”, and this fund can be localised in Morningstar and also in IPM’s Annual Report. **We can find these controversial producers of nuclear weapons in both these funds, and we regard it as highly likely that the Nobel Foundations have invested in the following companies:**

- Safran SA
- Airbus SA

**Both Safran and Airbus are excluded from the Norwegian Government Pension Fund due to production of nuclear weapons.<sup>9</sup>**

We also found Glencore, mining company which has repeatedly been criticised for negative human rights and environmental conduct. The company is also criticised for increasing coal production in Australia.

## Funds we cannot identify (yet)

When it comes to the rest of the equity funds on the list, we have not yet been able to make solid enough evidence to make any very likely links to the Nobel Foundation. However, we are asking the Nobel Foundation to provide some more clarification on which funds their Annual Report refers to.

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<sup>8</sup> [https://www.nobelprize.org/nobel\\_organizations/nobelfoundation/annual\\_report\\_16.pdf](https://www.nobelprize.org/nobel_organizations/nobelfoundation/annual_report_16.pdf)

<sup>9</sup> <https://www.regjeringen.no/no/aktuelt/exclusions-from-the-government-pension-f/id419804/> (Airbus – formerly EADS N.V.).