



Decision to include Atal SA/Poland

April 2021

Introduction

Atal SA/Poland (Atal) was excluded from KLP and the KLP Mutual Funds in 2018¹. This was based on decision from the Government Pension Fund Global (GPF) on the grounds of the unacceptable risk that the company contributes to gross human rights violations.

KLP assessed the decision from the Council on Ethics as well founded. According to KLPs guidelines for responsible investments KLP and the KLP Mutual Funds follow the same criteria for exclusion of the companies if there is an unacceptable risk for violation of human rights. Hence, the company was excluded from the investments.

For the sake of good order, KLP and KLP Mutual Funds were not invested in Atal at the time of exclusion.

The Council on Ethics recommended in November 2020 to revoke the exclusion of Atal which was published by GPF in March 2021².

The assessment

Atal SA is a Polish property development company which builds property complexes in Poland's largest cities.³

JP Construct was one of Atal's subcontractors and used North Korean contract workers at one of Atal's construction sites in Warsaw. It was considered whether the practice of using North Korean contract workers can be characterized as forced labour and whether Atal thereby contributes to gross human rights violations.

In its assessment of whether Atal contributed to the human rights violations by employing a subcontractor that makes use of North Korean contract workers, the Council on Ethics

¹ <https://www.klp.no/en/english-pdf/Atal%20beslutning%20ENG.pdf>

² <https://etikkradet.no/files/2021/03/Rec-Atal-Revoke-ENG.pdf>

³ <https://atal.pl/en/atal-group/About-Us>



concluded that there was a tangible connection between the company and the violations, since Atal was aware of, and accepted, this practice. The Council underlined that Atal also has an independent responsibility for the human rights violations:

It would not have been possible for the North Korean regime to engage workers in forced labour abroad if there were not companies outside of North Korea willing to use them. These companies' activities are therefore a necessary precondition for the regime's use of forced labour in other countries.

Although Atal confirmed the use of North Korean workers, it provided no information indicating that it was going to ban this practice. The Council on Ethics therefore considered the future risk of gross human rights violations to be high and recommended the company's exclusion.

KLP did a separate assessment of the decision from The Council on Ethics and concluded that it was reasonable and sufficient and no reason to make any exceptions.

The Council on Ethics' assessment

In 2018, the EU transposed a UN Security Council resolution demanding that all workers from North Korea be repatriated by 2020 into EU law⁴. In December 2019, Poland reported to the Security Council that there were no longer any North Korean workers in the country⁵. The company has also confirmed to The Council on Ethics that it no longer has any North Koreans working at its building sites.

Since there are no longer any North Korean workers in Poland, the Council considers that the grounds for its 2017 recommendation no longer exist.

KLP finds the recommendation from the Council on Ethics to be reasonable and sufficient. Based on this KLP has decided to include the company in its investments.

KLP's decision

KLP has decided to revoke the exclusion of Atal from KLP and the KLP Mutual Funds' investments.

⁴ <https://www.consilium.europa.eu/media/32966/st06541-en18.pdf>

⁵ https://www.un.org/ga/search/view_doc.asp?symbol=S/AC.49/2019/51