



Press release 26.09.2018

## KLP excludes four new companies

KLP and the KLP funds (KLP) have decided to exclude JBS SA and Luthai Textile Co. Ltd. for the risk of gross corruption, and the risk of violations on labor rights respectively. KLP has also decided to exclude the companies Tri-State Generation and Transmission Association Inc. and PacifiCorp based on the exclusion criteria for coal based activities.

In July, Norges Bank announced the exclusion of these companies. KLP has reviewed Norges Banks decision to exclude the companies, and find no reason to deviate from the Council of Ethics recommendation.

### Corruption

The corruption case involving JBS SA entails bribing more than 1800 politicians in Brazil, including nearly 200 members of parliament, several district governors and a number of former presidents. Both leading employees and members of the board are involved in the corruption case. The Council on Ethics estimate the total bribes at around 1.5 billion Norwegian kroner over the last 10-15 years. In light of the seriousness and the scale of the corruption in question, the Council on Ethics takes the view that the company should, at an early stage, have investigated the allegations, cracked down on financial impropriety and taken steps to prevent any new incidents of corruption. This does not seem to have been the case.

Taking into account the information made available in the Council on Ethics *recommendation to exclude JBS SA from the Government Pension Fund Global*, KLPs review concludes that there is an unacceptable risk of serious corruption. KLP has therefore decided to exclude JBS SA from its investment universe.

### Labor rights

The Labor rights violations at Luthai Textile Co. Ltd.'s production facilities are deemed as both serious and systematic. The Council on Ethics recommendation is based on investigations into working conditions which uncovered systematic norm violation at the company's factories in Cambodia and Myanmar, including the use of young people below the age of 18 under the same terms as adults, numerous occupational health and safety hazards and restrictions on freedom of association. The Council on Ethics gives weight to the fact that Luthai seems only to a limited extent to have implemented measures resulting in lasting improvements in working conditions.

Taking into account the information made available in the Council on Ethics *recommendation to exclude Luthai Textile Co. Ltd. from the Government Pension Fund Global*, KLPs review concludes that there is an unacceptable risk of the company contributing to labor rights violations. KLP has therefore decided to exclude Luthai Textile Co Ltd. from its investment universe.

### Coal Exclusions

In July 2018, Norges Bank published their decision to exclude two new companies based on the exclusion criteria for coal. KLP has reviewed the decision from Norges Bank and find no reason to deviate from their decision. KLP has therefore decided to exclude Tri-State Generation and Transmission Association Inc. and PacifiCorp.

## **Facts**

KLP has excluded 187 companies for violation of KLP and the KLP Funds' guidelines for responsible investment. More information about excluded companies, along with the rationale for exclusion, can be found at [klp.no](http://klp.no).

KLP is Norway's largest life insurance company. KLP delivers and manages public pensions for the majority of Norway's municipalities, health organizations and government-owned companies. At KLP, considering society, the environment and responsible investments is part of the daily operations.

### **For more information, contact:**

Head of responsible investments Annie Kvam: tel. 971 21 798

Advisor – responsible investments Marte Siri Storaker: tel. 414 69 714

Information director Sissel Bjaanæs: tel. 932 56 350