



Decision to include Grupo Carso de CV.

June 2019

Summary

Grupo Carso de CV (Grupo Carso) was excluded from KLP and the KLP Funds investments in 2011. The decision was based on the company's dialogue with the Council on Ethics, where they disclosed their ownership of 69.94 percent of Compañía Mercantil de Productos de Tabaco SA de CV, a company producing tobacco products.¹ Moreover, Grupo Carso disclosed their ownership of 20 percent of Philip Morris Mexico S.A de CV, who produce cigarettes.² On the basis of this, the Council on Ethics deemed that Grupo Carso was covered by the guidelines for observation and exclusion from the Government Pension Fund Global, describing that the fund shall not be invested in companies that produce tobacco, in their own operations or through units in their control.³ The *guidelines for KLP as a responsible investor* also state that KLP shall exclude companies that produce tobacco. KLP found the decision from the Council on Ethics to be well grounded, and thus excluded the company.

KLP's analysis

In 2018, the Council on Ethics received information indicating that Grupo Carso was no longer involved in tobacco production, and engaged in dialogue with the company. Grupo Carso explains in a letter to the Council on Ethics that "...Since March 31st 2017 no longer in their own operations, or through units in their control, were involved in tobacco production".⁴ Based on this, the Council on Ethics concluded that the grounds for exclusion are no longer existent, and have recommended to revoke the exclusion of Grupo Carso.⁵

¹ https://etikkradet.no/files/2017/09/Tilradning_Carso_feb_2011.pdf

² Ibid, page 2.

³ <https://etikkradet.no/files/2019/06/Grupo-Carso-SAB-de-CV-revocation-ENG.pdf>

⁴ <https://etikkradet.no/files/2019/06/Grupo-Carso-SAB-de-CV-opphevelse.pdf> (Direct translation from Norwegian.)

⁵ <https://etikkradet.no/files/2019/06/Grupo-Carso-SAB-de-CV-opphevelse.pdf>



KLP has a practice of analyzing exclusions in light of the recommendations from the Council on Ethics. The Council on Ethics recommendation to revoke the exclusion of Grupo Carso is well grounded, and KLP sees no reason to deviate from their conclusion.

KLP's decision

KLP has decided to revoke the exclusion of Grupo Carso de CV from KLP and the KLP Mutual Funds' investments from June 2019.