



# Decision to rescind exclusion of Wesfarmers, Ltd.

8 December 2015

## Introduction

KLP has decided to rescind its exclusion of Wesfarmers, Ltd. (Wesfarmers) the KLP and the KLP funds' investments with effect from 8 December 2015. Wesfarmers is a diversified Australian corporation, whose operations include supermarkets and raw materials production.

KLP excluded Wesfarmers in 2007 because the company's subsidiary, CSBP, purchased phosphates from Western Sahara for use in its fertiliser production. Wesfarmers no longer buys phosphates from Western Sahara, and has no plans to do so in the immediate future. The grounds for exclusion therefore no longer exist.

## Dialogue

KLP has engaged in a dialogue with Wesfarmers, both directly and through the service provider GES. At a meeting on 3 August 2015, Wesfarmers confirmed to KLP that the company is using a new technology in its production process,<sup>1</sup> such that it no longer needs to buy phosphates from Western Sahara. The company last bought phosphates from Western Sahara in 2012.<sup>2</sup> However, Wesfarmers has not ruled out purchasing phosphates from Western Sahara again, but states that they are not planning to do so as long as the technology used in their production process works as intended.

## Assessment

KLP considers that the grounds for exclusion no longer exist. In the majority of cases, this fact is enough for re-inclusion of a company that has been excluded. In addition, Wesfarmers has announced that although it is extremely unlikely that the company will buy phosphates from Western Sahara in the future, uncertainty surrounding their new production process makes it difficult to rule this possibility out entirely. Should Wesfarmers nevertheless resume its purchase

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<sup>1</sup> "Regenerative thermal oxidation" (RTO) technology.

<sup>2</sup> "Since the commissioning of CSBP's regenerative thermal oxidiser (RTO) in 2012, we have not imported phosphate rock from Western Sahara, and continue to monitor the RTO's performance." Wesfarmers, *Sustainability Report 2014*. URL: <http://www.wescef.com.au/sustainability-and-safety/Sustainability-report-2014.aspx>.



of phosphates from Western Sahara in the future, KLP will have to consider excluding the company once again.

### **Decision**

Based on an assessment that the grounds for exclusion no longer exist and that the company has no plans to resume purchases of phosphates from Western Sahara, KLP has decided to rescind its exclusion of Wesfarmers from investment by KLP and the KLP Funds with effect from 8 December 2015.