

**To the Ministry of Finance**  
31 August 2012

**UNOFFICIAL ENGLISH TRANSLATION**

**Recommendation to revoke the exclusion of FMC Corporation from the  
Government Pension Fund Global's investment universe**

# 1 Background

On 15 November 2010, the Council on Ethics recommended the exclusion of two companies based on their purchase of phosphates from Western Sahara. FMC Corporation was one of these companies. The Ministry of Finance decided to exclude the company from the Government Pension Fund Global (GFPG), and the recommendation to this effect was made public on 6 December 2011.<sup>1</sup>

Western Sahara is a non-self-governing territory without a recognised administering power. In practice Morocco controls most of the area. The state-owned Moroccan company OCP extracts phosphorus in Western Sahara.

The Council on Ethics believes that mineral extraction in Western Sahara can be acceptable if it takes place in accordance with the interests of the local population and benefits the local population. The Council on Ethics' assessment was that the interests of the local population were not being safeguarded by OCP's activities, and that on this and other grounds, OCP's activity in Western Sahara had to be considered grossly unethical.

The Council on Ethics found that the connection between the companies' purchases of phosphates from Western Sahara and OCP's extraction of the phosphate was of such a nature that the companies must be said to contribute to gross breaches of norms, and on this basis the Council recommended that they be excluded.

Paragraph 5, fifth section of the Government Pension Fund's Ethical Guidelines states:

*"The Council shall routinely assess whether the basis for exclusion still exists and may, in light of new information, recommend that the Ministry of Finance reverse an exclusion ruling."*<sup>2</sup>

FMC Corporation now states that it no longer purchases phosphate from Western Sahara. The company's exclusion should therefore be reevaluated in light of this change.

## 2 Information from the company

The Council on Ethics wrote to the company on 12 December 2011, 3 May 2012 and 28 June 2012, asking whether it continues to purchase phosphate from Western Sahara. The company responded to the Council on Ethics' inquiries in August 2012, and stated the following:

- 1) The business of the subsidiary FMC Foret in Spain, which purchased phosphate from OCP, was terminated in December 2010. Neither FMC Corporation, FMC Foret nor any other subsidiary of FMC Corporation now purchases phosphate from any source, including Western Sahara.
- 2) Neither FMC Corporation nor its subsidiaries have any plans or agreements that include future purchases of phosphates from Western Sahara.<sup>3</sup>

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<sup>1</sup> The Council on Ethics' recommendation of 15 November 2010 to exclude the companies FMC Corporation and the Potash Corporation of Saskatchewan, see <http://www.regjeringen.no/nb/sub/styret-rad-utvalg/etikkradet/Tilradninger/tilradninger/andre-grove-brudd-pa-grunnleggende-etisk/tilradning-15-november-2010-om-utelukkel.html?id=665562>.

<sup>2</sup> Guidelines for the observation and exclusion of companies from the Government Pension Fund Global's investment universe, <http://www.regjeringen.no/nb/sub/styret-rad-utvalg/etikkradet/etiske-retningslinjer.html?id=425277>

### **3 The Council on Ethics' assessment**

The recommendation on the exclusion of FMC Corporation was tied to the company's purchase of phosphate from Western Sahara. As this activity has ceased and the company has no plans to resume it, there are no grounds for the continued exclusion of the company.

### **4 Recommendation**

The Council on Ethics recommends that the exclusion of FMC Corporation from the investment universe of the Government Pension Fund Global be revoked.

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Ola Mestad  
Chair  
(sign.)

Dag Olav Hessen  
(sign.)

Ylva Lindberg  
(sign.)

Gro Nystuen  
(sign.)

Bente Rathe  
(sign.)

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<sup>3</sup> Letter from FMC Corporation to the Council on Ethic, dated 9 August 2012.