

To Norges Bank

22.10.2021

**Recommendation to revoke the exclusion of San Leon Energy PLC
from the Government Pension Fund Global**

UNOFFICIAL ENGLISH TRANSLATION

1 Summary

San Leon Energy Plc¹ (San Leon) was excluded from the Government Pension Fund Global (GPF) in 2016 as a result of the company's petroleum prospecting in Western Sahara. As the prospecting that led to the exclusion has now ceased, the Council on Ethics recommends that the exclusion of the company be revoked.

2 Background

On 21 December 2015, the Council on Ethics submitted a recommendation to Norges Bank to exclude San Leon from GPF because the company was contributing to gross violations of fundamental ethical norms by conducting petroleum prospecting in Western Sahara on behalf of the Moroccan authorities.

Western Sahara is a non-self-governing territory without a recognised administrator. In its assessment, the Council on Ethics based its assessment on, *inter alia*, Article 73 of the United Nations Charter concerning non-self-governing territories and other legal sources which interpreted the provisions of the United Nations Charter. The exploration and extraction of natural resources in such areas may be acceptable under international law if it is carried out in accordance with the wishes and interests of the local population. In the view of the Council on Ethics, this condition could not be said to be met, and it was therefore recommended that San Leon be excluded from GPF. Norges Bank followed the Council on Ethics' recommendation and announced its decision to exclude the company in March 2016.

Section 5(7) of the guidelines concerning the observation and exclusion of companies from the GPF states:

«The Council on Ethics shall have procedures in place for assessing whether the grounds for observation or exclusion still apply. Based on new information, the Council on Ethics may recommend to the bank that observation or exclusion be annulled. [...]»

3 Information from the company

At the request of the Council on Ethics, the company's representative states that San Leon no longer has any kind of activity or presence in Western Sahara.²

4 The Council's assessment

The exclusion of San Leon was linked to the company's exploration activities in Western Sahara which were being carried out on behalf of the Moroccan authorities. As the company is no longer involved in this activity, the grounds for its exclusion no longer apply.

¹ IssuerID: 15213136

² E-mail from the communications agency Tavistock on behalf of San Leon to the Council on Ethics, 28 September 2021.

5 Recommendation

The Council on Ethics recommends that the exclusion of San Leon Energy Plc from the Government Pension Fund Global be revoked.

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