

**To Norges Bank**

28.04.2021

**Recommendation to revoke the exclusion of Precious Shipping PCL from the  
Government Pension Fund Global**

# 1 Introduction

The Council on Ethics recommends that the exclusion of the company Precious Shipping PCL<sup>1</sup> from the Government Pension Fund Global be revoked.

The Council on Ethics recommended the exclusion of the company in 2017 due to the company's practice of disposing of decommissioned ships that were sold to be broken up for scrap on beaches in Bangladesh and Pakistan (so-called *beaching*).

Since then, the company has not disposed of any further ships for scrapping. The Council on Ethics therefore finds that the grounds for exclusion no longer exist.

## 2 Background

Precious Shipping PCL is a Thai shipping company that primarily owns and operates bulk cargo vessels.

On 29 June 2017, the Council on Ethics recommended excluding Precious Shipping PCL from the Government Pension Fund Global. Norges Bank announced its decision to exclude the company on 16 January 2018.

The basis for the Council's assessment was that Precious Shipping PCL had for several years been disposing of decommissioned ships by sending them to be broken up for scrap on beaches in Bangladesh and Pakistan, where working conditions are extremely poor and there is significant pollution of the environment. The Council found that by disposing of ships for scrapping in this manner, the company could be said to be contributing to serious human rights violations and severe environmental damage.

In the recommendation, the Council stated that it would re-examine the grounds for exclusion if, after four years, the company had not disposed of any ships for *beaching*, or before that time if the company gave notice that it had ceased this practice.

The Council on Ethics continuously monitors information regarding ships that are broken up in Pakistan and Bangladesh and has not found any information of Precious Shipping PCL having disposed of ships for scrapping in those countries since 2016.

## 3 Information from the company

The company has informed the Council on Ethics that no ships were disposed of for scrapping anywhere in 2017, 2018, 2019 or 2020, and that there are currently no plans to dispose of decommissioned ships for scrapping. The company also stated that if it were in the future to dispose of ships for scrapping, this will take place at shipbreaking yards that operates in accordance with the Hong Kong Convention.<sup>2</sup>

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<sup>1</sup> Issuer ID: 128577

<sup>2</sup> Email exchange between the Council on Ethics and Precious Shipping PCL on 2 February, 4 February, 9 February and 23 March 2021.

## 4 The Council on Ethics' assessment

The Council on Ethics' recommendation of exclusion was based on information regarding the company's disposal of decommissioned ships up to and including 2016. There is no information that the company has disposed of any ships for scrapping in Bangladesh or Pakistan since then, something the company has also confirmed to the Council on Ethics. Therefore, four years have passed without the company having disposed of further ships for *beaching*.

The Council on Ethics has taken notice of the company's statement that it will, in future, use shipbreaking yards that operate in accordance with the Hong Kong Convention. Since this Convention has neither formally entered into force nor provides specific instructions on how the activities at shipbreaking yards must be operated, the Council on Ethics will not place decisive emphasis on this, however nevertheless views this as an expression of the company's intent to henceforth endeavour to ensure that its disposal of decommissioned ships will be conducted in a responsible manner.

Based on the above, the Council on Ethics recommends that the exclusion of Precious Shipping PCL be lifted.

## 5 Recommendation

The Council on Ethics recommends that the exclusion of Precious Shipping PCL from the Government Pension Fund Global be revoked.

\*

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Chair

(Sign.)

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