

Norges Bank  
PO Box 1179 Sentrum  
0107 OSLO  
Norway

Your ref.:

Our ref.:  
18/11017-17 / AS

Date:  
07.12.2022

## UNOFFICIAL ENGLISH TRANSLATION

### **Concerning the Council on Ethics' observation of Pan Ocean Co Ltd**

At the recommendation of the Council on Ethics, the South Korean shipping company Pan Ocean Co Ltd (Pan Ocean) has been under observation since January 2018. The company was placed under observation because it had disposed of decommissioned vessels for break up by means of beaching in Bangladesh and Pakistan, whose shipbreaking yards are associated with extremely poor working conditions and scant environmental protection.

In 2018, the Council became aware that the company had disposed of a ship for break up in Bangladesh in December 2017. This occurred after the Council's recommendation to place the company under observation had been sent to Norges Bank in 2017 but before this was made public. On this basis, the Council considered recommending the company's exclusion from investment by the Government Pension Fund Global (GPF). However, after a dialogue with the company, the Council nevertheless chose to recommend continued observation. The Council notified Norges Bank of this in a letter dated 17 December 2019.

During the course of 2022, the Council became aware that Pan Ocean had also disposed of an decommissioned vessel for break up in Bangladesh in 2021. The Council once again considered recommending the company's exclusion from investment by the GPF and a draft recommendation to this effect was sent to the company. This prompted renewed dialogue between the Council and Pan Ocean. In this connection, the company disclosed that it has now adopted a new policy for the break up of obsolete vessels. The policy has the full support of the board of directors and will ensure that, henceforth, the company's obsolete vessels will be disposed of in a safe and appropriate fashion. The Council therefore considers that the risk of the company disposing of vessels for break up in an unacceptable way going forward has now been reduced.

On this basis, the Council recommends continued observation of developments at Pan Ocean. Since the company does not necessarily dispose of decommissioned vessels for break up every

year, it may take some time to assess the impact of this new policy. The Council therefore recommends that the observation period for Pan Ocean Co Ltd be extended for a further four years. The Council will observe whether the introduction of the company's new policy for the disposal of decommissioned ships really does result in them being broken up in a safe and appropriate fashion.

Yours sincerely,(signature)