

To Norges Bank

May 11, 2023

UNOFFICIAL ENGLISH TRANSLATION

**Recommendation to end the
observation of Hyundai Glovis Co Ltd**

1 Introduction

The Council on Ethics recommends that observation of Hyundai Glovis Co Ltd¹ (Hyundai Glovis) be terminated.

Hyundai Glovis was placed under observation in 2022 at the recommendation of the Council on Ethics.

The company has now introduced a new policy for the responsible ship recycling. The Council therefore considers that there are no longer grounds for continued observation.

2 Background

In December 2021, the Council on Ethics recommended that Hyundai Glovis be placed under observation.² Norges Bank published its decision to do so in March 2022.

The Council's recommendation rested on the company's disposal of decommissioned vessels by sending them to be broken up for scrap on beaches in Pakistan and Bangladesh. The practice of beaching is deemed severely polluting and associated with extremely poor working conditions. In the Council's view, the company, by disposing of ships for beaching, could be seen as contributing to both serious human rights abuses and severe environmental damage.

Nevertheless, the Council attached weight to the company's assertion that it would, in future, consider better ways of recycling decommissioned vessels and that it had no plans to dispose of additional vessels for breakup until 2024. The Council considered that this would give the company sufficient time to find better alternatives for ship recycling.

3 Information from the company

The Council has been in contact with the company on several occasions since it was placed under observation. In February this year, the company announced that

¹ Issuer ID: 9300090

² The Council's recommendation to place Hyundai Glovis Co Ltd under observation, 17 December 2021: <https://etikkradet.no/hyundai-glovis-co-ltd-2/>

it had introduced a new policy for the disposal of decommissioned vessels – *Green Recycling Policy*.³

The aim of the policy is to minimise pollution and hazardous working conditions in connection with the ship recycling. The policy requires that Hyundai Glovis' vessels be broken up only at shipbreaking yards that are inspected and approved, and that the yards concerned must operate in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (the Hong Kong Convention) and other relevant regulations. Furthermore, the policy requires the company to prepare an Inventory of Hazardous Materials (IHM) for those vessels that are to be disposed of.

4 The Council's assessment

The introduction of Hyundai Glovis' shipbreaking policy means that decommissioned vessels will henceforth be broken up at yards operating in compliance with the Hong Kong Convention and other relevant regulations. The Council attaches importance to the fact that the company has introduced guidelines which require it to inspect and approve potential shipbreaking yards prior to breaking. The Council considers this to be important to ensure that the yards are in fact technically equipped in accordance with the Hong Kong Convention's provisions and its underlying technical guidelines. The Hong Kong Convention establishes standards with respect to the breaking yards' equipment and infrastructure, as well as how the work is to be carried out. To ensure compliance with the Convention's provisions, it is therefore important that the whole shipbreaking process is monitored.

In light of the above, the Council considers that there are no longer any grounds for continued observation of Hyundai Glovis.

³ Hyundai Glovis's *Green Recycling Policy* is available from the company's website: https://www.glovis.net/Kor/common/file/Green%20Ship%20Recycling%20Policy_ENG.pdf

5 Recommendation

The Council recommends that the observation of Hyundai Glovis Co Ltd be terminated.

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