



**NORGES BANK**  
INVESTMENT MANAGEMENT

Advocates for Public Interest Law  
Jong-Chul Kim

South Korea

Date: 27.03.2015

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### **Correspondence regarding Hyundai Heavy Industries Co., Ltd.**

Dear Jong-Chul Kim,

With reference to your letter of 26.07.2014, we wish to thank you for contacting Norges Bank Investment Management (NBIM) with information relating to Hyundai Heavy Industries Co., Ltd. ('HHI').

NBIM manages the Government Pension Fund Global (GPF) according to an investment mandate set by the Norwegian Ministry of Finance. In accordance with this mandate NBIM seeks to safeguard the financial interests of the fund, including by integrating relevant environmental, social and corporate considerations into our investment processes. Our strategy for responsible investment management encompasses interaction with standard setters, active ownership, and risk management. As part of our work we regularly receive relevant information about companies in our portfolio from a wide range of stakeholders. The information is useful as it contributes to our company analysis and may influence our ownership activities and priorities.

Our management mandate specifically requires us to use the OECD Principles of Corporate Governance, the UN Global Compact and the OECD Guidelines for Multinational Enterprises as the basis of our active ownership efforts. Those international standards form the basis of our expectations of the companies in which we invest. Generally, we consider companies should ensure that their business practices adhere to internationally recognised standards and conventions where applicable.

According to the OECD Principles of Corporate Governance, boards should act in the best interest of the company and the shareholders. The responsibility for taking account of the interest of stakeholders is also placed with company boards. Our engagement with individual companies is typically carried out in private. We therefore do not disclose specific details of any engagement we may be pursuing at a given time. We can, however, confirm as part of our risk management process we in 2014 looked into the situation at HHI. Based on this we in March this year wrote a letter to HHI's board related to the alleged issues on the company's approach to HMS issues. We are also monitoring the wider situation with regards to the complaints directed at the company.

The Ministry of Finance has issued Guidelines for observation and exclusion of companies from the GPF. According to these guidelines companies may, for example, be put under observation or be excluded if there is an unacceptable risk that the company contributes to or is responsible for serious or systematic human rights violations. Norges Bank may make a decision to exclude a company from the portfolio, after receiving a recommendation from the Council on Ethics. We can also confirm that

Norges Bank Investment Management is a division of Norges Bank – The Central Bank of Norway

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we have informed the Council on Ethics on the allegations raised by Advocates for Public Interest Law.

We appreciate your approach to NBIM on this matter.

Yours sincerely,



Petter Johnsen



William Ambrose