



July 26, 2014

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Chief Executive Officer  
Norges Bank Investment Management  
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Letter expressing concern regarding NBIM's involvement in Hyundai Heavy Industries' human rights abuse in the Republic of Korea

Dear Mr. Yngve Slyngstad,

We are writing to express serious concern that Norges Bank Investment Management (thereafter NBIM), which is one of the major institution shareholders in Hyundai Heavy Industries (thereafter Hyundai), are, through its investments in Hyundai, being complicit in Hyundai's failure to take appropriate responsibility for occupational accidents. We ask that NBIM conduct a thorough investigation of such abuse, and also that NBIM take measures to avoid further complicity in Hyundai's neglect of labor rights.

In this letter, we provide the details of Hyundai's neglect of labor rights in its treatment of occupational accidents.

**This year, during March and April alone, 8 workers died from work-related injuries at Hyundai. This raises the total number of workers who died from work-related injuries since 2001 to 97.**

Hyundai Heavy Industries, which owns 26 subsidiary companies including Samho Heavy Industries, is widely recognized as the world leader in sales in shipbuilding. However, little is known about how many workers have died or been injured by occupational accidents.

During the two months of March and April of this year, eight workers at Hyundai Heavy Industries and its subsidiaries died as a result of work-related injuries. On March 6<sup>th</sup>, a subcontracted employee at Samho Heavy Industries died because a steel plate crushed him; on March 20<sup>th</sup>, another subcontracted worker at Samho died from a fall; on April 7<sup>th</sup>, yet another died from a fall while working at Hyundai Mipo Dockyard. Moreover, on March 25<sup>th</sup>, three workers fell into the sea when a subcontracted firm of Hyundai Heavy Industries arbitrarily used the safety walk plate as a weight rest; one died from this incident. On April 21<sup>st</sup>, fire broke out on a liquefied natural gas (LNG) carrier at a Hyundai-subcontracted firm; two employees died. Another worker at the same firm died from choking on an air hose while falling. Finally, on April 28<sup>th</sup>, yet another employee at the same firm died when he fell into

the sea while directing transporter signals; he had been told to move blocks in a terrible downpour that blurred even near-distance vision.

Below is a table that summarizes the casualties discussed in this paragraph.

Name of Firm (where the accident took place)	Date of accident	Type of Accident	Causes	Number of Casualties
Hyundai Samho Heavy Industries (Iljoo Ltd., Subcontracted)	March 6, 2014	Crushed under iron plate while moving plate using crane	-Assigned to work alone at night - Director and signaler not assigned to job	1 dead
Hyundai Samho Heavy Industries (Daegook ENG, Subcontracted)	March 20, 2014	Worker fell while installing scaffolding	- Installed scaffolding at 12m above ground - Safety guides, fall prevention system not installed	1 dead
Hyundai Heavy Industries (Sunil ENG,	March 25, 2014	Collapse of scaffolding	-Scaffolding used as material holder;	1 dead, 2 injured

Subcontracted)		holder; worker fell into sea	scaffolding fell	
Hyundai Mipo Dockyard (Saehyun., Subcontracted)	April 7, 2014	Worker fell from 8.6m above while removing tape	- Safety guardrail, fall prevention system not installed	1 dead
Hyundai Heavy Industries (HK/Jiscorp Co., Subcontracted)	April 21, 2014	Fire breakout during welding of LNG Carrier	- Fire prevention measures not conducted - Safety education not provided - closed-space hazard prevention system unavailable	2 dead, 2 injured
Hyundai Heavy Industries (Seoun Co., Subcontracted)	April 26, 2014	Worker fell while doing sanding job at specialized ship building site		1 dead
Hyundai Heavy Industries (Woosung, Subcontracted)	April 28, 2014	Worker fell into sea while doing signaling job at Pier No. 4	- Ordered to work in unreasonable weather conditions - Safety handrail not installed	1 dead

			- Life vests not provided	
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Worker deaths resulting from occupational accidents at Hyundai have not been limited to this year alone. According to reports from the Korean Ministry Employment and Labor, between 2001 and 2014, a total of 97 workers died from workplace injuries at Hyundai. This number translates to an average of 7.3 deaths per year. Moreover, the actual number of worker deaths from occupational accidents is estimated to be much higher: the report from the Ministry excludes deaths at affiliated firms of Hyundai, including Hyundai Samho Heavy Industries and Hyundai Mipo Dockyard. The number of subcontracted firm worker deaths before 2008 is not available, and there is strong reason to believe that there are additional deaths that Hyundai has concealed.

**The direct cause of deaths from occupational accidents is Hyundai's failure to comply with even the minimal safety standards of accident prevention.**

We contend that the disturbingly high mortality rate from occupational accidents at Hyundai is evidence that Hyundai has failed to comply with even the minimal safety standards to manage hazardous situations.

The worker who died from being crushed under an iron plate on March 6<sup>th</sup> had not had a field overseer and an assistant assigned to work with him, a legal requirement specified in the Korean Industrial Safety and Health Act. The absence of fall prevention system and lifeline, both requirements according to the Act, is responsible for worker deaths from falling on March 20<sup>th</sup> and April 7<sup>th</sup>. In addition, the accident on March 25<sup>th</sup> can be attributed to Hyundai's arbitrary use of the safety walk plate as a weight rest, which then collapsed; altering the use of a tool in this way is also strictly prohibited in the Act. Further, the facility where LNG line combustion occurred on April 21<sup>st</sup> did not have a single fire extinguisher. Similarly, the worker death from fall on April 28<sup>th</sup> was due to an inappropriate order to work in extreme downpour that hindered his sight; minimal safety measures such as handrail and lifejacket were also missing, even though the employee was forced to work at a dangerous rock face above the ocean.

Below is a table listing only the most representative cases of occupational accidents resulting in worker deaths at Hyundai from 2004 to 2013:

Date of accident	Number of casualties	Details of accident
January 3, 2004	1 dead	Hit in the head by a falling jig while loading piston.
January 11, 2004	2 dead, 3 injured	Basket carrying worker caught on scaffolding handrail; worker fell
January 12, 2004	1 dead	Tank cover shot out because

		of inner tank pressure, hit lower abdomen of worker
February 21, 2004	1 dead	Worker clashed with the sliding door while bringing it up to the surface; kidney rupture
June 30, 2004	1 dead	Worker fell while cleaning silo superstructure
January 13, 2006	1 dead	worker fell
March 31, 2006	1 dead	Worker fell while using mammoth crane;
April 15, 2006	1 dead	Worker slipped and fell while working on a makeshift construction
June 23, 2006	1 dead	Worker clashed with soil pipe installed inside factory
August 30, 2006	1 dead	Worker trapped between a moving member of framework and a piled up member of framework
December 16, 2006	1 dead	Worker fell
March 28, 2007	1 dead	LPG carrier combustion; worker suffocated
April 16, 2007	1 dead	Worker caught in machine at construction equipment factory no.2
May 24, 2007	1 dead	Worker fell on May 7, died May 24 at EP Site East
July 17, 2007	1 dead	Worker suffocated from pressure at Mipo Harbor
July 28, 2007	1 dead	Worker fell at engine manufacturing factory
September 15, 2007	1 dead	Worker caught under a block while using grinder
September 20, 2007	1 dead	Worker run over by a

		backing transporter
September 20, 2007	1 dead	Worker fell while working on roof
March 10, 2008	1 dead	Landslide while worker was doing earthwork using excavator; worker buried under landslide
April 22, 2008	1 dead	Worker fell while disassembling scaffolding
December 8, 2008	1 dead	Worker fell while inspecting fall prevention system
October 10, 2009	1 dead	Worker caught in boom on an aerial work car
October 13, 2009	1 dead	Explosion during welding work
November 11, 2009	1 dead	Kneebend loosened while disassembling equipment; hit worker on the chest
February 3, 2010	1 dead	Worker caught in between while moving surface plate
March 16, 2011	1 dead	Worker slipped, damaged larynx while on the way for painting job
May 30, 2012	1 dead	Worker died while inspecting the melting point inside pipe
July 2, 2012	1 dead	Worker hit by port while using magnet crane
February 13, 2013	1 dead	Worker collapsed during scaffolding installation

March 11, 2013	1 dead	Worker fell while doing cutting work
March 19, 2013	1 dead	Worker ran over by forklift truck

May 13, 2013	1 dead	Worker caught in between truck and overbridge
May 20, 2013	1 dead	Worker run over by forklift truck
June 5, 2013	1 dead	Acute myocardial infarction
June 7, 2013	1 dead	Worker hung from a mammoth crane
July 20, 2013	1 dead	Worker had respiratory failure on the way to operations site

**We contend that the fundamental contributor to this number of worker deaths from occupational accidents is Hyundai Heavy Industries' multi-tiered subcontract system.**

One of the reasons behind the staggering number of deaths from occupational accidents is Hyundai's multi-tiered subcontract system in its shipbuilding operations for profit maximization.

At Hyundai Heavy Industries, there are approximately 450 primary subcontracted firms, each with an average of 80 employees, adding up to 37,000 subcontracted workers. These subcontracted firms in turn have their own subcontracted 'supply teams', which then engage in business with tertiary subcontracted firms who match them with day laborers. The number of workers hired at these secondary and tertiary subcontracted levels is extremely obscure; neither Hyundai nor the Ministry of Employment of Labor, which is supposed to be a supervisory body, have offered an exact estimate.

Moreover, most of 'supply team' employees (at secondary subcontracted firms) and day laborers subcontracted by 'supply team' firms are dismissed immediately after an assigned project is completed.<sup>1</sup> Consequently, they receive little to no 'safety education' before or during work, the provision of which is specified as employer duty in the Korean Industrial Safety and Health Act. The Act explicitly states that the subcontractor (i.e. Hyundai) needs to actively ensure that subcontracted businesses follow safety measures and protocols elucidated in the Act. Hyundai has consistently failed to do so.

Since only firms that can offer the lowest price for their work can win the bid for subcontracts, subcontracted firms spend minimal safety management fees in order to reduce

<sup>1</sup> 44% of 'supply team' workers and day laborers reported not having completed a labor contract; 75% expressed fear of joining labor unions at these subcontracted firms out of fear of losing their job and being blacklisted.





their expenses. Besides, pressured by Hyundai to meet tight completion deadlines, subcontracted firms presses laborers to finish their projects as quickly as possible. Thus, subcontracted workers under Hyundai face precarious labor conditions in which they are pressured to work in a rush in an unsafe environment.

Therefore, it is not surprising that those who died from occupational accidents between March and April 2014 were all subcontracted workers. In a survey of 1,400 subcontracted laborers in March 2014, 65% attributed occupational accidents to poor working conditions and unreasonable deadlines.

### **Many occupational accidents at Hyundai go unreported and intentionally concealed.**

While the mortality rate from occupational accidents at Hyundai is shocking, if the unreported accidents are included, the actual number of deaths is thought to be significantly higher. We argue that a multitude of accidents is deliberately covered up, obscuring an accurate estimate.

The survey data from March 2014 demonstrate the workers' claim that only 3.7% of injuries that happened at work sites are recognized as 'occupational accidents'. We contend that one of the most important reasons why a large majority of accidents go unacknowledged is because they are not reported. 50.9% of workers choose not to report to avoid serious disadvantages (e.g. dismissal, subcontract renewal failure of their firms), and 22.3% revealed that Hyundai Heavy Industries prohibited reporting.

Hyundai is known to have consistently hidden industrial accidents since 1999. Labor unions and NGOs reported 131 such cases to the Ministry of Employment and Labor in the latter half of 2013 alone, adding 86 cases between January and May 2014<sup>2</sup>.

We request that NBIM conduct a thorough investigation of labor conditions at Hyundai and avoid further complicity in Hyundai's abuse of workers' rights

Given that NBIM endorses the responsible business conduct, we find it extremely disconcerting that NBIM has continued to invest extensively Hyundai Heavy Industries, who, not only has caused a myriad of deaths from occupational accidents by insisting on a multi-tiered subcontract system and failing to heed even the minimal safety standards, but also deliberately covered up a multitude of such incidents. We demand that NBIM 1) conduct an immediate and thorough investigation of the actual magnitude, frequency, and culpability of Hyundai's occupational accidents, 2) take decisive measures to avoid further complicity in Hyundai's clear violation of labor rights of Korean workers.

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<sup>2</sup> Despite the staggering number of occupational accidents, Hyundai received an exemption from industrial accident insurance premium amounting to \$95,500,000 USD in total. This exemption was granted because the accident rate over the past five years was considered low, since Hyundai actively concealed occupational accidents, and many such accidents had occurred at secondary subcontracted firms.





We encourage NBIM to reconsider its investments in Hyundai Heavy Industries, and look forward to hearing from NBIM about our concerns.

Sincerely,

The Korean Confederation of Trade Unions.

The Korean Transnational Corporation Watch (comprising Korean House for International Solidarity, Hope and Law, GongGam Human Rights Law Foundation, Corporates for all, Lawyers for a Democratic Society – Committee for International Labor Rights, CSR and Law Center, and Advocates for Public Interest Law)

Korea Metal Workers' Union

Korean Federation of Medical Groups for Health Rights

The Association of Korea Doctors for Health Rights

Korean Dentists Association for Healthy Society

The Association of Physicians for Humanism

Solidarity for Worker's Health

The Association of Korea Doctors for Health Rights

Korean Dentists Association for Healthy Society

The Association of Physicians for Humanism, Solidarity for Worker's Health

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