

Office of the High Commissioner for Human Rights
Karim Ghezraoui, Chief
Special Procedures Branch
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Via e-mail: registry@ohchr.org

Clipper Group A/S

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Dear Karim Ghezraoui,

m/v "CLIPPER CONCORD"

I have the honor of replying to your letter of 15 January 2015 in connection with some information you have received in relation to the recycling of the above-mentioned vessel (the "Vessel").

As it will appear from the below, the information that you have been provided with is not correct. In connection with the recycling of the Vessel, we have taken – and are still taking – many steps to safeguard both the environment and the health of the workers involved in the recycling process.

In the following, I will describe the process leading up to the sale of the Vessel, and you will find a reply to the specific questions raised in your letter in the attached schedule.

The Vessel is a small multipurpose vessel built in year 2000 and with a dead weight tonnage of 9,000. Despite the relatively young age, the vessel design has proven to be outdated. We have tried to sell the Vessel for continued sailing for a couple of years, but this has proven to be impossible. The latest employment of the Vessel was as offshore warehouse vessel outside the coast of Angola from the period February 2013 to November 2014. The Vessel had been laying still and the hull was therefore overgrown with alga. The removal of same would be cumbersome and expensive. Based on our experience with sale of more saleable sister vessels, it was our expectation that a potential buyer would be found in the Asian region – and the Vessel was instructed to head towards Asia at the end of the above mentioned employment. As there were no potential buyers interested in the Vessel, it was decided to sell the Vessel for recycling.

It was, mainly due to the position of the Vessel, decided to look into a recycling in India.

It is very important to us that any recycling is done in a sustainable way, and we have taken a number of steps to ensure same, including the following:



- Some shipowners sell vessels intended for recycling to a third party buyer on ordinary ship sales terms – and leave it to the new owner to handle the recycling process. We wanted to have control over the recycling process and have made a specific recycle agreement with a reputable cash buyer, GMS, who would take delivery of the Vessel and have her recycled. The reason for using an intermediate buyer instead of making an agreement directly with a recycle facility is that cash buyers have the local knowledge and presence required for handling a recycle process.
- It was agreed with the buyer that the recycling should be done in accordance with the principles in the Hong Kong Convention approved by UN's International Maritime Organization in year 2009, but not yet ratified by a sufficient number of countries in order to enter into force. This is also in accordance with the recommendations of the Danish Shipowners' Association. This implies among other things:
 - The agreement with GSM is based on a standard recycling contract developed by the world's largest international shipping association, BIMCO, The standard contract has been prepared by BIMCO with the explicit purpose to ensure that the recycling process is carried out in accordance with the principles in the Hong Kong Convention.
 - We have prepared a list of Hazardous Material (as defined in Appendix 1 of the IMO 2011 Guidelines for the Development of the Inventory of Hazardous Materials). In order to ensure a very high quality of the list we have asked an independent third party to inspect the Vessel, take relevant samples for further testing and issue the list.
 - The yard has prepared a technical and operational plan for the safe and environmentally sound recycling of the Vessel considering the above-mentioned list.
 - During the recycling process, we have the right to inspect the yard to ensure that the actual recycling is done in accordance with the recycling plan.
 - Once the recycling is done, GMS will issue certificates confirming that the recycling has been done in accordance with the recycling plan.
- We also agreed with the buyer that we should approve the yard. We have inspected the yard in question, Leela Ship Recycling Pvt. Ltd., ourselves.
- We have been in dialogue with the non-governmental organization Shipbreaking Platform and taken their comments into consideration, which also has led to changes in our process.
- During the recycling, we inspect the yard to check that the recycling is done in accordance with the recycling plan. During one of these inspections, we will bring representatives from the Danish Shipowners' Association.

Furthermore, I can confirm that we are in compliance of the Basel convention. The Vessel was inspected and preapproved by the Indian authorities prior to entering Indian waters. As the Vessel has not been in an OECD member state since 2012, no approvals were required from any exporting countries.



During the entire process, we have been in close dialogue with the Danish Shipowners' Association.

As also transpires from the above, we are in full compliance with all relevant rules and regulations. In addition to this, we are taking a number of steps to ensure that the recycling is done in a responsible way. We do very much appreciate the efforts of implementing specific rules on ship breaking, and we support the Danish Shipowners' Association's efforts to accelerate Denmark's ratification of the Hong Kong Convention. Once the Hong Kong convention has been fully implemented, we as shipowner will be able to rely on official certifications of recycling yards. Such certifications will be prepared and monitored by relevant national authorities. Until then, we have to do our own due diligence in order to ensure that any recycling is done in a sustainable way. We trust that this letter shows that we indeed have acted with due diligence and responsibility.

Yours faithfully
Clipper Group A/S



Thomas Martinussen
Vice President



1. Please provide any additional information and any comments you may have on the above-mentioned allegations

As also indicated in our letter, we disagree to the information you have received on a number of points:

- The recycling of the Vessel is not a violation of the Basel Convention;
- The country of export is not Denmark. The last time the Vessel was in Denmark was November 2009 and could at that stage not be considered an end-of-life vessel. The last time the Vessel was in an OECD country was December 2012;
- The Vessel does not fly Danish flag and is not owned by a Danish company;
- We have, together with an independent expert, prepared an Inventory of Hazardous Material.
- The yard in question has prepared a recycling plan, which will ensure that the recycling of the Vessel will not cause irreversible adverse health effects on workers, nearby community members or the environment.
- We have consequently taken substantial steps to ensure that the recycling of the Vessel will not have negative impact on the environment or the workers and nearby community.

2. Please explain, in detail, which actions Clipper Group has taken to ensure decontamination of Clipper Concord before leaving Denmark for India for Dismantling

As mentioned above, the Vessel did not leave Denmark for India for dismantling. We have taken a number of steps to ensure that the recycling of the Vessel will be safe for the environment and for the workers.

3. Please explain why the export of Clipper Concord containing hazardous wastes is not in violation of the Basel Convention and its Ban Amendment

The sailing pattern for the Vessel for the previous two years are as follows:

| Port | Date of Arrival |
|--------------------------------|------------------------|
| Houston, USA | 5 December 2012 |
| Chaguaramas, Trinidad & Tobago | 27 January 2013 |
| Cabinda, Angola | 11 February 2013 |
| Pointe Noir, Congo | 1 November 2014 |
| Durban, South Africa | 23 November 2014 |
| Colombo, Sri Lanka | 12 December 2014 |
| Alang, India | 17 December 2014 |

When it was decided to have the Vessel recycled, the Vessel was therefore not located in an OECD member state. No approval from any exporting country was consequently required.



The Indian authorities have approved import of the Vessel before the Vessel entered Indian waters. Before doing so, a physical inspection of the Vessel was carried out by the authorities.

As also described in the letter, we have asked an independent expert to prepare an Inventory of Hazardous Materials. The yard in question has prepared a recycle plan describing in detail how it will handle the recycling process, taking the Inventory of Hazardous Materials into consideration.

4. What steps has Clipper Group taken to fulfill its responsibilities to identify, prevent, mitigate and account for how Clipper Group addresses impacts on human rights? Please be as detailed as possible

Clipper Group has issued a code of conduct, which amongst other things contains the following commitments:

"Clipper supports and respects the fundamental principles of human rights and is committed to develop an organizational culture which supports the internationally recognized human rights and will not tolerate any abuses of the Universal Declaration of Human Rights in its business."

"Clipper seeks to promote the realization of environmental sustainability through its business activities. New environmental friendly solutions are sought and applied for vessels under construction as well as for the existent fleet."

Furthermore, Clipper Group has adopted a CSR policy, which contains the following statement:

"As a significant player in the maritime industry with a global presence at sea and on shore, Clipper Group recognizes its social and environmental responsibility and has adopted the following CSR Policy:

- *We never compromise on the safety of our employees at sea or ashore*
- *We recognize our responsibility towards the environment and endeavor to constantly reduce our environmental footprint*

In other words, we strive to ensure the safety of our employees and to reduce our environmental footprint – at the same time providing optimal services to our customers and making sound business decisions".

The code of conduct and the CSR policy have been distributed to the entire Clipper Group organization, and it is fundamental to the management of Clipper Group that the organization adheres to the above principles. The steps that we have taken in connection with the recycling of m/v "CLIPPER CONCORD" also shows that our CSR policy has a direct impact on important business decisions.



Furthermore, Clipper Group has, during the last year, been preparing for entering into the Global Compact, which included the drawing up of a thorough CSR strategy. We expect to sign up for Global Compact during the first half of this year.

5. Please provide, in detail, the result of the human rights and environmental impact assessment conducted by Clipper Group prior to choosing India as a venue for dismantling, including all information considered in reaching these conclusions of the possible impacts

The sales contract ensures that the recycling will be done in accordance with the principles laid down in the Hong Kong Convention, even though this convention has not yet been fully ratified and implemented.

It was a condition in the said agreement that the yard where the actual recycling shall take place should be approved by Clipper. We have inspected the yard in question, Leela Ship Recycling Pvt. Ltd., ourselves. During our inspection we checked among other things the following:

- o That workers were wearing goggles, gloves, safety shoes and masks;
- o That there were no children involved in heavy work;
- o That health and safety policies were posted at the site;
- o That there were designated concreted areas available;
- o That a first aid room was available on the site;
- o That there were facilities in place to handle various dangerous materials; and
- o That any dangerous materials were appropriately stored and labelled.

Furthermore, we have verified that Leela Ship Recycling Pvt. Ltd. holds among other things the following certificates:

- o ISO 9001:2008 (Certified by Germanischer Lloyd)
These standards are setting out criteria for a quality management system and are based on a number of quality management principles including the process approach and continual improvement.
- o ISO 14001:2009 (Certified by Germanischer Lloyd)
These standards are setting out the criteria for an environmental management system ensuring that environmental impact is being measured and improved. Has been certified by Germanischer Lloyd.
- o ISO3000 (Certified by International Certification Services Pvt. Ltd.)
These standards contain requirements to safe and environmentally sound ship recycling operations.
- o OHSAS 18001 (Certified by Germanischer Lloyd)
These standards set out minimum requirements for occupational health and safety management best practice.

We have been granted access to the audit reports prepared by the above mentioned certification bureaus in order to identify any gaps that need to be addressed in connection with the recycling. Finally, we understand that Lela Ship Recycling Pvt.



Ltd. together with three other yards have been inspected by Japanese authorities who found the yards to be in acceptable condition.

6. Please explain in details how Clipper Group plans to provide remedies, should the dismantling of Clipper Concord infringe human rights of the workers and residents of the affected area

We will carry out unannounced inspections of the yard during the recycling process. Should we detect any deviations from the recycling plan, we will inform the buyer of the Vessel in order to ensure that the procedures are being adjusted immediately. Furthermore, we will during one of these unannounced inspections bring representatives from the Danish Shipowners' Association.

7. Please explain the steps Clipper Group intends to take to guarantee non-recurrence of a similar situation of transboundary movement of hazardous wastes

Future recycling of vessels owned by Clipper Group will also be done in compliance with relevant legislation and furthermore in accordance with the principles laid down in the Hong Kong Convention.