

## **Open letter to the Chairman and CEO of the Hyundai Motor Company**

Brno and Nošovice 28 November 2005

Dear Mr. Chung Mong-Koo,

Hyundai Motor Company ("Hyundai M.C." below) has officially stated its intent to build a production plant in the Czech Republic. Based on the information made public to date by this company and Czech politicians, it is clear that the favored locality is on the territory of the Nošovice municipality.

This fact alone has generated a stormy reaction from residents of this locality, to such an extent that they have begun a protest petition against the construction of this industrial zone. To date the petition has been signed by 357 local residents, and more signatures are being added. (See attachment). To protect themselves against this aim and to protect certain rights of themselves and of landowners whose current property would be used in the plant's construction, they have founded the civic association Půda pro život (Ground for Life).

**In the name of that association, and of the GARDE programme of the Environmental Law service (an organization of lawyers who protect the environment and human rights), we are turning to you with the request that Hyundai M. C. take into consideration the obligations that come from its policy of socially responsible behavior and reconsider its decision to locate its construction facility in the Nošovice municipality.**

We are of the opinion that your decision to direct your investment towards Nošovice would bring with it disproportional social and environmental impacts and would be in marked opposition to your declared philosophy and policy of social responsibility and long term sustainable development. We would like to take this opportunity to draw your attention to some of the problematic aspects of the planned investment.

### **1. The Investment's Negative Environmental Impacts**

Nošovice lies at the base of the Beskydy Mountains, in direct proximity to the borders of the Beskydy Protected Natural Area and the prepared Skalická Morávka National Natural Monument. Heretofore there has been no heavy industry in the region, and the majority of properties in the planned area are comprised of cultivated fields. The presence of an industrial plant and related traffic growth in its vicinity would lead to destruction of the natural characteristics of this foothills area. Stated positively, Hyundai M. C. has here a unique opportunity to behave in a socially and environmentally responsible manner by choosing a less problematic area for its investment.

#### **1.1. Environmental Impact Assessment (EIA) Process**

Here we must emphasize that the investment plan of Hyundai M. C. will undergo an environmental impact assessment process, which, according to the European Community legal requirements, will require assessment of possible alternative solutions with the aim to evaluate which of the possibilities is the most advantageous. Given the existing information, it can hardly be imagined that an objective assessment of the consequences of siting this investment in Nošovice would regard this siting as the most advantageous solution.

## 1.2. Hyundai M. C.'s Corporate Social Responsibility Policy

Hyundai M. C. defines protection of the environment as a key policy of its business activities in its Global Environmental Policy. The policy states that one of the company's aims is to "*minimise the environmental impact we have over all our business activities*" and "*create a better environment for future generations*". (Hyundai Motor Corporation Sustainability Report, 2002/2003, p. 12.) We are of the opinion that it is not possible to rightly claim the execution of the Hyundai M. C.'s investment plan at the Nošovice site is socially responsible in the sense of the internationally defined OECD Guidelines for Multinational Enterprises (27 June 2000, paragraph V of the Guidelines).

## 2. Negative Impacts on Local Communities

### 2.1. Immediate Adverse Effects

The vicinity of Nošovice, which is to be used in the construction of the plant, is currently managed by the local agricultural cooperative, which employs 120 residents from nearby municipalities. Construction of the plant would result in the cooperative losing the fields on which it farms. This would have a severe economic impact and would effectively lead to the liquidation of the cooperative.

It is further necessary to note that the planned plant would take up the majority of the area around the municipality, one result of which would be to significantly increase the amount of transit traffic. It thus comes as no surprise that the majority of local residents is protesting against the plan (see attachment).

### 2.2. Impact on Hyundai M. C.'s Corporate Social Responsibility Record

Taking into account the above, the plan would in our opinion lead to a conflict with the obligation that Hyundai M. C. has undertaken to respect the principles of social responsibility, which are defined as "*respect towards the value and interests of our stakeholders, including ... local communities*" (HMC 2002-2003 Sustainability Report, p. 12). We likewise have the impression that such an approach would also be in opposition with paragraph II, article 3 of the OECD Guidelines for Multinational Enterprises.

## 3. Unethical Negotiations in Connection with the Investment's Preparation

This investment, in its form as conceived, has economic and political dimensions for whatever country eventually hosts it. Simultaneously addressing several countries, as Hyundai M. C. has done, naturally creates significant pressure on individual states. Sadly, as a rule, each country's attempt to offer a powerful investor the best conditions is so fervent that it leads to encroachment on the rights of citizens of the "victorious" state, and where this victory is achieved by bending the law, to the destabilization of its democratic functioning. Such has been the case in the construction of the facility by Kia Motors Corp. (Hyundai's sister in the Hyundai – Kia Automotive Group) in Slovakia, where the state authorities, in their attempt to accommodate Kia Motors Corp., have often proceeded in opposition to the law. Kia Motors Corp., like Hyundai, initially courted individual countries in Central Europe.

Given that Hyundai M. C. must be well aware that its approach creates exceptional pressure on the state authorities, we are of the opinion that it is in direct contrast with its obligations to "prevent ethical misdeeds from happening and take ethics into account when making business decisions" (HMC 2003-2004 Sustainability Report, p. 26).

In this respect we would like to emphasize that it is a serious matter that the Hyundai M. C. expects to begin construction in May 2006. Attaining this aim is only possible by breaking the legal provisions of the Czech Republic. We are unsure whether Hyundai M. C. is willing to cause such a course of action given that it chooses to define its social responsibility as respect for the value and interests of all parties involved (HMC 2002-2003 Sustainability Report, p. 12).

We firmly believe, with a view to the above mentioned facts, that your company considers whether the location in the Nošovice municipality is the most appropriate for the realization of your new production facility. We further request that you inform us of your further intentions relating to the matter of the locality. We declare our willingness to meet with Hyundai M. C. with the purpose of clarifying our standpoint.

Yours sincerely,

GARDE programme of the Environmental Law Service:

Pavel Franc

Jiří Nezhyba

Filip Gregor

The Půda pro život (Grounds for life) civic association:

Ludmila Kozlová

Jiří Kozel

Jiří Juřica

Contact addresses:

GARDE Ekologický právní servis  
Dvořákova 13  
602 00 Brno  
Czech Republic

Občanské sdružení Půda pro život  
739 51, Nošovice 35  
Czech Republic

*Attachment: copy of petition sheets*