What are shipping companies doing to make sure their ships are recycled responsibly?

This report presents data collected through a disclosure questionnaire circulated among shipowners as part of the Ship Recycling Transparency Initiative (SRTI). The data was submitted in December 2018 and reflects the ship recycling approaches of seven large shipowners operating a total of 1,661 vessels.

All information is disclosed voluntarily; the data is signed off by senior management prior to submission to the SRTI online platform (www.shiprecyclingtransparency.org). The data is neither audited nor verified by a third party; rather, shipowners are being held accountable through the simple act of being transparent about their approach to ship recycling, in turn leading to improved policy, practice and performance.

SRTI data will be updated by shipowners on a regular basis and expand as more shipowners disclose. This report will be published annually and as the dataset expands will progressively identify industry developments and trends, guided by inputs from the SRTI Steering Group and key industry stakeholders.
Our vision is of a world where ships are recycled responsibly – socially, environmentally and economically – going beyond international conventions and setting a new norm for responsible ship recycling.

In 2018 a group of sustainability leaders across the shipping supply chain came together and realised something could be done to change the industry narrative, creating a new norm through the simple act of being transparent. They collectively launched the Ship Recycling Transparency Initiative (SRTI) at Tradewinds’ Annual Ship Recycling Forum in March and the SRTI online platform went live in December the same year.

The SRTI aims to accelerate a voluntary market-driven approach to responsible ship recycling practices through transparency; and subsequently to influence and improve the decision making about ship recycling, creating an industry-wide level playing field.

An independent initiative hosted by the Sustainable Shipping Initiative, the SRTI reflects a collective effort that brings together the shipping industry, investors, cargo owners and broader stakeholders to improve ship recycling policy, practice and performance.

The SRTI has garnered the support of a number of leaders from across the shipping value chain including The China Navigation Company, GES International, Hapag Lloyd, Lloyd’s Register, A.P. Moeller-Maersk, NORDEN, Nykredit, Standard Chartered Bank, Stolt Tankers and Wallenius Wilhelmsen. Investors including pension funds MP Pension and PBU, as well as cargo owners such as BMW and truck and bus manufacturer Scania have also signed up to the Initiative.

Less than two months after the SRTI online platform went live the SRTI was shortlisted for the GREEN4SEA Initiative Award.

How does the SRTI work?
The Ship Recycling Transparency Initiative (SRTI) is a one stop shop online platform to share information on ship recycling, based on a set of pre-defined disclosure criteria developed jointly by key industry stakeholders. The platform allows the data submitted by shipowners to tell its own story, helping cargo owners and financial stakeholders make more informed decisions.

Cargo owners such as retailers and manufacturers as well as financial stakeholders such as investors, lenders and insurers can use the SRTI online platform to access information on ship recycling and inform their sourcing- and investment-related decisions. The SRTI can be built into existing supplier codes of conduct and sustainability strategies and can be used as a requirement in procurement processes, in turn increasing the pressure on shipowners as they feel the effects of the market. The SRTI is not a performance standard nor a rating exercise; neither will it rank nor assess individual ship-owners’ policies and practices.

Sign up to the SRTI
For more information on how to sign up to the SRTI, see www.shiprecyclingtransparency.org or contact us on srti@ssi2040.org.

Shipowners sign up by sharing information on their approach to ship recycling by completing the disclosure questionnaire and submitting their data via the SRTI online platform. Cargo owners and investors sign up by submitting their details via the SRTI online platform.

Once a signatory, your company’s logo appears on the SRTI online platform and shipowners’ data are publicly accessible. Your company may include the SRTI logo in sustainability reporting, social media and your website to demonstrate your company’s commitment to responsible ship recycling.
17 companies have signed up to the Ship Recycling Transparency Initiative since the online platform went live in December 2018.

1,661 vessels are operated by shipowners currently disclosing their approach to ship recycling via the SRTI online platform.

SRTI signatories by type

Financial stakeholders 29.4%
Cargo owners 11.8%
Shipowners 41.2%
Other 17.6%

Number of vessels owned and chartered

Number of shipowners

Number of vessels

Wallenius Wilhelmsen
Swire Pacific Offshore Operation
Stolt Tankers
NORDEN
A.P. Moeller-Maersk
Hapag-Lloyd
The China Navigation Company

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Ship Recycling Policy

7 out of 7 disclosing shipowners have a written policy on ship recycling for their own vessels; of these five make their policies public

6 out of 7 disclosing shipowners keep records of ships which have been sent for recycling

7 out of 7 disclosing shipowners’ policies on ship recycling adhere to the Hong Kong Convention

6 out of 7 disclosing shipowners have up to half of the ships they own covered by the EU Ship Recycling Regulation

100% of disclosing shipowners’ ship recycling policies cover issues related to the environment, labour and human rights

International conventions and principles to which ship recycling policies adhere

- United Nations Global Compact
- Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Stockholm Convention on Persistent Organic Pollutants (Stockholm Convention)
- ISO Specifications for management systems for safe and environmentally sound ship recycling facilities (ISO 30000: 2009)

Disclosing shipowners’ policies adhere to a range of global and regional international conventions, guidelines and principles of relevance to ship recycling. These include:

- Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships
  - (Hong Kong Convention; adopted 2009, not yet in force)
- EU Ship Recycling Regulation (where applicable according to vessel flag)

Issues covered by ship recycling policies

- Environment
- Downstream facilities for managing waste and hazardous materials
- Anti-corruption
- Health and safety
- Labour and human rights
- Sub-contractors
- Other

All disclosing shipowners’ ship recycling policies cover the environment, labour and human rights; other issues commonly covered include downstream facilities for managing waste and hazardous materials, health and safety as well as anti-corruption. In some instances shipowners have additional policies such as in-house code of ethics and a separate anti-corruption policy extending to the recycling process.
Ship recycling approach

The China Navigation Company
The China Navigation Company group of companies has a Policy that all ships at the end of their economic lives will be recycled in a sustainable, safe, responsible and environmentally sound manner. If CNCo is seeking to recycle a ship it will only tender to (or via Cash buyers warranting to use) Ship Recycling Facilities (“SRF”) that are currently (and expected to be for the duration of the dismantling) fully certified by a reputable, independent, competent third party as having valid and verified accreditation against the Hong Kong International Convention (“HKC”) for the Safe and Environmentally Sound Recycling of Ships (whether or not yet formally adopted), and additionally if it is an EU Flagged ship, or departing on final voyage from an EU port, the SRF must by EU law be on “the white list” under the EU Ship Recycling Regulations (“SSR”) 1257/2013

Hapag-Lloyd
As early as May 2014, Hapag-Lloyd’s Executive Board adopted an internal policy on ship recycling stipulating that ships which are no longer needed must be recycled in a safe and environmentally friendly manner. Accordingly and in line with the IMO Hong Kong Convention (“HKC”) for the Safe and Environmentally Sound Recycling of Ships (whether or not yet formally adopted), and additionally if it is an EU Flagged ship, or departing on final voyage from an EU port, the SRF must by EU law be on “the white list” under the EU Ship Recycling Regulations (“SSR”) 1257/2013

A.P. Moeller-Maersk
Maersk aspires to lead the transformation of the global ship recycling industry to promote responsible practices, greater transparency and a level playing field. Around 80% of all ships are dismantled at sub-standard facilities in South Asia. This happens despite many large shipowners having a policy on responsible ship recycling. This is an industry problem which leads to widespread underpayments, unsafe working conditions and environmental pollution as well as an uneven playing field within the shipping industry. No shipowner can solve this alone. In the absence of relevant and enforced global legislation, market-based solutions are needed to make responsible ship recycling a reality. A high, voluntary standard must go hand in hand with strong implementation on the ground, achieved through robust supervision and audits. Since 2009, A.P. Moller - Maersk has had a responsible ship recycling standard based on a strict interpretation of the Hong Kong Convention regarding health, safety and environmental issues but also going beyond the Hong Kong Convention in that it does not allow contact in the intertidal zone with blocks from primary cutting and as it includes all internationally based standards on all relevant social issues as well as downstream waste management. Furthermore, we have restricted ourselves not to sell vessels off if they are close to end of life eliminating incentives for selling vessels with the aim of substandard recycling by third parties. Maersk will continue to create change on the ground and engage with shipowners and other stakeholders to accelerate change.

NORDEN
NORDEN is committed to conducting business in a legal, ethical and socially responsible manner. Our business model is operating a modern fleet and we have not recycled a vessel since 1928, yet we find it important to express our principles on responsible recycling and we want to help raise the bar. In the case NORDEN should recycle a vessel, it would be at a facility that has been approved by an independent third party, followed up by ongoing monitoring requirements guided by an environmental and social action plan developed on the basis of an impact assessment for the particular case. NORDEN endorses Danish Shipping’s policy paper on Ship Recycling and supports the ratification of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, the EU Ship Recycling Regulation and the European Union’s Basel Convention, which bans export of hazardous waste from OECD countries to non-OECD countries.
Stolt Tankers

Stolt Tankers (ST) will:

– Recycle its ships in a manner safe for people and the environment.
– Comply with all currently applicable recycling regulations, international and local, recycling ships in accordance with standards of the as-yet unratified Hong Kong Convention.
– Recycle ships in shipbreaking yards around the globe that maintain a high level of safety and environmental performance, that have achieved HKC compliance certification, and are improving their operations towards meeting EU standards.
– Recycle ships in accordance with ST’s Recycling Handbook which captures experiences gained and best practices.
– Keep records of the complete ship recycling process documenting compliance with procedures for preparation, execution and waste disposal, with reporting by onsite representatives.
– Hazardous waste & downstream waste management: ST will deploy robust processes, control procedures and reporting for the handling and disposal of hazardous and other materials in accordance with international and national requirements.
– Stolt Tankers applies its recycling policies to all ships in which Stolt has an ownership interest, including joint ventures.

Swire Pacific Offshore Operation

The Swire Pacific Offshore group of companies has a Policy that all ships at the end of their economic lives will be recycled in a sustainable, safe, responsible and environmentally sound manner.

Wallenius Wilhelmsen

Wallenius Wilhelmsen responsibly recycles vessels at craned berths and landing facilities which we pre-vet to ensure worker welfare and safety is front of mind, as well as to make certain materials are recycled and waste treated in an appropriate and traceable manner. We have a representative on site to supervise the entire process, with the authority to stop work for safety, welfare or environmental reasons. For full details please refer to our Vessel Recycling Policy, as featured on the sustainability section of our website.

Ship recycling contract

More than half of the disclosing shipowners use in-house developed agreements or contracts for the sale of vessels for green recycling; two shipowners use RECYCLECON from BIMCO

6 out of 7 disclosing shipowners’ contracts include an explicit requirement to recycle the vessel at a specific ship recycling facility; the same number develop individual ship recycling plans for each vessel

100% of shipowners require access to the ship recycling facility for monitoring during the recycling process. Almost all shipowners require access for performance follow-up, while five out of seven require access for control and stopping work during the recycling process.

Access to the ship recycling facility during the recycling process

<table>
<thead>
<tr>
<th>Monitoring</th>
<th>Control</th>
<th>Stop-work</th>
<th>Performance follow-up</th>
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<tbody>
<tr>
<td>% of shipowners requiring access</td>
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<tr>
<td>0%</td>
<td>25%</td>
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Inventory of Hazardous Materials and ship-specific documentation

100% of disclosing shipowners provide the buyer/ship-recycler with a Class approved IHM at the time of finalising the ship-recycling contract.

Implementation of ship recycling policy and standard

6 out of 7 disclosing shipowners require the ship recycling facility to have a Hong Kong Convention statement of compliance issued by a Classification Society.

100% of disclosing shipowners carry out additional audits to verify compliance prior to ship recycling.

100% of disclosing shipowners monitor yard compliance during the ship recycling process.

Mechanisms for monitoring ship recycling process

Five out of seven shipowners monitor yard compliance during the recycling process through ongoing supervision and/or assigning a company representative for monitoring. Shipowners also conduct follow-up onsite and spot checks. Other means of monitoring include the deployment of a responsible ship recycling supervision team; independent third party approval and monitoring guided by an environmental and social action plan developed on the basis of an impact assessment.

Issues covered by monitoring mechanisms

All disclosing shipowners’ monitoring mechanisms for their ship recycling policies address issues related to the environment, health and safety. Labour and human rights-related issues also feature highly in their monitoring. Other issues covered by monitoring mechanisms include downstream facilities for managing waste and hazardous materials and subcontractors. Just under half of the disclosing shipowners’ monitoring mechanisms address anti-corruption-related issues.

Recognising the Hong Kong Convention is not yet in force, one shipowner’s approach was to ensure it exceeded the Convention’s requirements and therefore is not currently seeking a statement of compliance.
The SRTI is hosted by the Sustainable Shipping Initiative

The Sustainable Shipping Initiative (SSI) is a multi-stakeholder initiative that brings together like-minded and ambitious leaders spanning the entire shipping value chain to contribute to – and thrive in – a more sustainable maritime industry.

Comprising ambitious leaders spanning the entire shipping value chain, SSI members range from charterers, ship owners and shipyards to ports & port operators, banks, ship finance & insurance providers, classification societies and technology companies.

The SSI has a Vision for 2040 and Roadmap which sets out what it really means for shipping to be sustainable, and the journey through which we will get there. We seek to change the narrative to a socially and environmentally responsible, resilient and profitable maritime industry in which sustainability equals success.

Follow the SRTI via the Sustainable Shipping Initiative

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