The Ship Recycling Transparency Initiative (SRTI) report is published annually and presents data collected through the SRTI online platform. As the second issue published since the SRTI’s launch in 2018, this report aims to provide industry stakeholders with a snapshot on the SRTI’s progress, serving as a basis for discussion at the 5 March 2020 SRTI Roundtable at Standard Chartered Bank’s offices in London.

The report presents a compilation of data on the ship recycling approaches of nine major shipowners that combined operate a total of 2,433 vessels. Describing progress since the last SRTI report, it highlights trends in sustainability and updates on ship recycling regulation. The report also shares the perspectives of shipowners, financiers and shippers on how transparency contributes to raising the bar on responsible ship recycling.
The SRTI is financed through the annual fees paid by SRTI signatories, as well as from funding sought from foundations and philanthropic organisations.

Assessing progress
Since going live in December 2018 the SRTI online platform has attracted more than 7,400 visitors, averaging 500+ users/month. The SRTI has been covered by a range of media, including a diverse range of maritime and sustainability titles such as C&I, the Extractive Industries Transparency Initiative (EITI) and the Task Force on Climate-related Financial Disclosures (TCFD) demonstrate the power of transparency to drive progress on responsible ship recycling.

The SRTI provides a space for the growing movement of sustainability leaders and benefits of disclosure. The SRTI provides a space for the growing movement of sustainability leaders being transparent about their operations, allowing industry stakeholders to make informed decisions and hold shipowners to account.

Transparency is the new normal in sustainability. Transparency is key to achieving the Sustainable Development Goals. Transparency-focused initiatives such as CDP, the Extractive Industries Transparency Initiative (EITI) and the Task Force on Climate-related Financial Disclosures (TCFD) demonstrate the power of transparency to drive progress on responsible ship recycling. The SRTI provides a space for the growing movement of sustainability leaders being transparent about their operations, allowing industry stakeholders to make informed decisions and hold shipowners to account.

The SRTI was also shortlisted for the 2019 GreenFuture Initiative Award and 2019 BusinessGreen Award. The SRTI signatories Gard, NORDEN, Wallenius Wilhelmsen was also awarded the Transparency in its founding role in the partnership. The SRTI has been recognised across and beyond international conventions and setting a new norm for responsible ship recycling.

An independent initiative hosted by the Sustainable Shipping Initiative – a non-profit organisation and UK registered charity – the SRTI reflects a collective effort by a third party; this report therefore does not rank nor assess individual shipowners’ policies and practices.

What is the Ship Recycling Transparency Initiative?
The Ship Recycling Transparency Initiative (SRTI) uses transparency to drive progress on responsible ship recycling by way of a one-stop-shop online platform to share information on ship recycling. Through transparency the SRTI aims to accelerate a voluntary market-driven approach to responsible ship recycling – informing, influencing and improving the supply chain-related decisions made by key stakeholders and ultimately leading to an industry-wide level playing field.

The SRTI online platform is a tool that allows shipowners to share information on their ship recycling policies and practices that in turn help key stakeholders make informed decisions. It provides shipowners with the opportunity to demonstrate their commitment to transparency by voluntarily disclosing information on their respective approaches to ship recycling, against a series of criteria developed by industry stakeholders.

The SRTI is not a performance standard nor a rating exercise and SRTI data is neither audited nor verified by a third party, the report therefore does not rank nor assess individual shipowners’ policies and practices.

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.

“An ambitious multi-stakeholder initiative wielding transparency as a market-driven tool to drive change in a hugely important industry, Bravo!”

2019 Responsible Business Awards – Judges’ feedback


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An independent initiative hosted by the Sustainable Shipping Initiative – a non-profit organisation and UK registered charity – the SRTI reflects a collective effort by a third party; this report therefore does not rank nor assess individual shipowners’ policies and practices.
The Ship Recycling Transparency Initiative empowers those who invest in or buy services from shipping companies to make informed decisions on vessel recycling. With the SRTI they can demand transparency, helping them ensure they do business with companies that recycle responsibly, rather than those who continue with practices that have horrifying human and environmental consequences. It is unthinkable that change won’t be driven with such knowledge. It also sends a clear signal to tonnage providers on the new normal.”

Craig Jasienski, President & CEO, Wallenius Wilhelmsen

“The more companies that support the SRTI, the more the market will demand transparency in ship recycling. It is only with transparency that change can be brought about.”

Craig Jasienski, President & CEO, Wallenius Wilhelmsen
Ship recycling policy

- 9 out of 9 disclosing shipowners have a written policy on ship recycling for their own vessels; of which six make their policies publicly available.
- 9 out of 9 disclosing shipowners’ policies on ship recycling adhere to the Hong Kong Convention.
- 9 out of 9 disclosing shipowners’ policies cover issues related to the environment, labour and human rights.
- 8 out of 9 disclosing shipowners have up to (or more than) half of the ships they own covered by the EU Ship Recycling Regulation (EU SRR); one has none.
- 8 out of 9 maintain records of ships which have been sent for recycling.
- 4 out of 9 disclosing shipowners’ policies contain restrictions on recycling methods.
- 5 out of 9 disclosing shipowners’ policies contain restrictions based on the country where recycling takes place.
- 4 out of 9 disclosing shipowners’ policies include a provision in the sales contract that the buyer will ensure compliance with the original shipowner’s ship recycling policy if the vessel’s residual value is below 25% above the highest current scrap value.
- 4 out of 9 disclosing shipowners take steps to promote responsible recycling of vessels chartered for 2 years and over released for redeployment or recycling.

Promotion of responsible recycling of chartered and JV-owned vessels

Does the company take steps to promote responsible recycling of vessels chartered for 5 years and over released for redeployment or recycling?

A look at the data

International conventions and principles to which ship recycling policies adhere

- 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)
- United Nations Global Compact
- UN 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)

The coverage of issues by disclosing shipowners’ ship recycling policies and their respective monitoring mechanisms is uneven. All shipowners’ policies cover the environment as well as labour and human rights; other issues commonly covered include downstream facilities for managing waste and hazardous materials, health and safety. All disclosing shipowners’ monitoring mechanisms for their ship recycling policies address issues related to the environment as well as health and safety. Labour and human rights-related issues also feature highly in their monitoring.
Ship recycling contract

9 out of 9 disclosing shipowners use RECYCLECON from BIMCO as a contract for the sale of ships for recycling in a safe and environmentally sound manner.

9 out of 9 use in-house developed agreements or contracts for the sale of vessels for green recycling.

8 out of 9 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.

9 out of 9 require access to the ship recycling facility for monitoring during the recycling process, eight require access for performance follow-up, while seven require access for control and stopping work during the recycling process.

To protect themselves and maintain ship access and monitoring throughout the ship recycling process, sellers receive regular monitoring reports; conduct third party audits (e.g. by external independent classification societies); and obtain access to shipyard sites, personnel and documentation.

Inventory of hazardous materials and ship-specific documentation

9 out of 9 disclosing shipowners always provide the buyer/ship recycler with a Class approved IHM at the time of finalising the ship recycling contract; all provide full relevant documentation (including ship certificates, plans and procedures) to enable the shipyards to follow applicable ship recycling guidelines.

Mechanisms for monitoring ship recycling process

Disclosing shipowners monitor yard compliance during the recycling process through different means, with most conducting 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; monitoring of performance and incident data; regular reporting; and training.

Implementation of ship recycling policy and standard

8 out of 9 disclosing shipowners require the ship recycling facility to have a Hong Kong Convention statement of compliance issued by a Classification Society.

9 out of 9 shipowners carry out additional audits to verify compliance prior to ship recycling, as well as monitoring yard compliance throughout the ship recycling process.

More data on ship recycling

90% of global shipbuilding (in terms of tonnage) was located in China, the Republic of Korea and Japan.

647 ships were recycled worldwide, of which 236 were recycled in Bangladesh; 200 in India; and 107 in Turkey.

397 deaths recorded in ship recycling yards since 2009, of which at least 26 occurred in 2019.

As an industry we must drive and support the raising of standards globally by raising the safety and sustainability bar to the same level we have achieved in the other stages of a ship’s lifecycle – shipbuilding and ship operations, which many of us have focused on intensely as responsible shipowners over the past decades.

Kenneth Hvid, President and CEO, Teekay

We consider transparency as an important principle in line with conducting business in a legal, ethical and socially responsible manner. SRTI is not a compliance exercise, but about being transparent, which we are confident will drive improvements, and influence responsible practices across the supply chain.

Jan Rindbo, CEO, NORDEN

Recycled ships (in gross tonnage) by country – 2019
The Hong Kong International Convention for the safe and environmentally sound recycling of ships

Adopted in 2009, the Hong Kong Convention is yet to enter into force. It aims at ensuring that ships do not pose any unnecessary risk to human health and safety or to the environment when being recycled at the end of their lives. It requires that ships sent for recycling carry an Inventory of Hazardous Materials on board as well as provide a ship recycling plan.

“The Hong Kong Convention covers the design, construction, operation and maintenance of ships to ensure they are reasonably recycled at the end of their lives. It requires that ships sent for recycling carry an Inventory of Hazardous Materials on board as well as provide a ship recycling plan.”

The Basel Convention on the control of transboundary movements of hazardous wastes and their disposal

Adopted in 2013, the EU SRR was adopted in 2013, and entered into force on 1 January 2019, by the European Parliament and the Council of the European Union, with the aim of reducing the negative impacts linked to the recycling of ships flying EU Member State flags. The EU SRR sets out the requirements for ships and ship recycling facilities to ensure ship recycling is conducted in an environmentally sound and safe manner. On 22 January 2020 the European Commission issued the sixth version of the European List of ship recycling facilities, listing 41 approved ship recycling facilities, including 6 outside of Europe.

In October 2019, the European Maritime Safety Agency (EMSA) published Guidance on the inspection of ships by the port states in accordance with Regulation (EU) 1257/2013 on ship recycling, aiming to assist EU Member States to fulfil the requirements of EU SRR and PSC Directives.

What happens to ships at the end of their lifetime is an important global issue with major consequences for safety and the environment. I urge all countries yet to do so to ratify this important convention so it can enter into force and provide a consistent, global regulatory regime for this vital industry.”

Kitack Lim, Secretary General, IMO

Basel Convention

Adoption: 22 March 1989
Entry into force: 5 May 1992
53 signatories: 187 parties

“The Ship Recycling Transparency Initiative platform provides the knowledge and information to enable informed decisions to be made to support improvements in the safety and environmental practices of recycling ships.”

Nick Brown, Marine & Offshore Director, Lloyd’s Register

EU

The EU Ship Recycling Regulation (EU SRR) was adopted in 2013, and entered into force on 1 January 2019, by the European Parliament and the Council of the European Union, with the aim of reducing the negative impacts linked to the recycling of ships flying EU Member State flags. The EU SRR sets out the requirements for ships and ship recycling facilities to enable ship recycling to be conducted in an environmentally sound and safe manner. On 22 January 2020 the European Commission issued the sixth version of the European List of ship recycling facilities, listing 41 approved ship recycling facilities, including 6 outside of Europe.

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The Basel Convention aims to protect human health and the environment by reducing the movement of hazardous materials and preventing the transfer of hazardous waste from developed to less developed countries. The treaty’s obligations include the reduction of waste at source; management of waste within the country in which it is generated; the reduction of transboundary movement of wastes; management of waste in an environmentally sound manner; and controlled waste trade.

The Basel Ban Amendment entered into force on 5 December 2019 and prohibits OECD and EU member states and Liechtenstein from exporting hazardous wastes as defined by the Basel Convention to developing countries.
Bringing together stakeholders across the shipping value chain

A shipowner’s perspective

By signing up to the SRTI, shipowners make a commitment to disclose their approach to ship recycling with their brand recognised for its leadership in sustainability as an SRTI signatory, associated with transparent and responsible ship recycling. Shipowners derive value from the SRTI by being part of a diverse community of like-minded peers and thus working towards responsible ship recycling, including proving evidence of a more transparent and accountable supply chain. They also benefit from a more level playing field when it comes to ship recycling.

Shipowners can monitor and report on their approaches to ship recycling. SRTI data also provides a useful benchmark against which approaches to ship recycling are being used by peers as they learn about other shipowners’ leadership in sustainability as an SRTI signatory, associated with transparent and responsible ship recycling. Shipowners derive value from the SRTI by being part of a diverse community of like-minded peers (diers) working towards responsible ship recycling, including proving evidence of a more transparent and accountable supply chain. They also beneﬁt from a more level playing ﬁeld when it comes to ship recycling.

The China Navigation Company believes that if more stakeholders in the shipping value chain share their practices transparently then it will be clear what best practices are possible, and at what level of commitment, and thus how standards can be raised globally for the beneﬁt of all.

James Woodrow, Managing Director, The China Navigation Company

Hapag-Lloyd strongly encourages all players and competitors to support full transparency and contribute to a level playing ﬁeld when it comes to ship recycling.

Anthony Finn, COO, Hapag-Lloyd AG

Taking the opportunity to join with the wider shipping industry to improve transparency in recycling methods was a no-brainer. The Ship Recycling Transparency Initiative will give all stakeholders the information required to know when and where best practices for safe and environmentally sound recycling are being used.

Mark Martecchini, President, Stolt Tankers

A financier’s perspective

Financial stakeholders including investors, lenders, ESG rating agencies and insurance companies have a powerful role in leveraging their inﬂuence to drive transparency and responsible ship recycling. Financial stakeholders use SRTI data to hold the shipping industry to account, raising the bar for current ship recycling practices as well as creating fair competition among shipowners.

This SRTI provides value to ﬁnancial stakeholders who seek information on which to base their risk management strategy for investments, lending and risk coverage of shipowners, allowing them to meet the growing expectations of their stakeholders. Financial stakeholders can use SRTI data to develop incentives to drive responsible ship recycling practice through the market. A shared imperative and cooperation between shipowners and ﬁnancial stakeholders, the SRTI is an opportunity to articulate and demand data of the quality and level of detail needed to make better ﬁnancing decisions.

Environmental reporting framework CDP uses SRTI data in its recent report on the shipping sector. CDP uses ship recycling governance as a metric by assessing shipping companies’ commitment towards responsible ship recycling. CDP also credits companies who voluntarily engage in initiatives designed to improve industry-wide ship recycling practices such as the SRTI.

Investors are also wielding their inﬂuence by diverting from shipping companies whose vessels have been recycled using non-sustainable practices.

The Responsible Ship Recycling Standards (RSRS) launched in 2017 is another example of ﬁnancial stakeholders driving change, with banks engaged in ship ﬁnancing promoting responsible ship recycling. Banks’ position statements on ship recycling set out the conditions for the provision of ﬁnancial services to clients engaged in ship recycling.

ESG trends to watch in 2020 could include the expansion of ESG ratings for the marine transport sector to include ship recycling in its risk analysis and the development of metrics related to issues such as human rights; toxic emissions and waste; health and safety; ecocidal impacts; accident and safety management.

Standard Chartered welcomes the SRTI initiative to help create a level playing field in the ship recycling value chain through promoting transparency.

Amit Puri, Global Head of Environmental and Social Risk Management, Standard Chartered Bank

We believe that increased transparency around recycling practices of ship owners will be a key part of the solution – which will also require enforcement and cooperation between many stakeholders, including investors.

Jens Munch Holst, CEO, MP Pension

This initiative is helpful to any investor who wants insights into the very complex question of ship recycling. With key information on a company level this initiative will enable investors to better assess related risks and opportunities.

Morton Threlkeld, Managing Director, Nykredit Asset Management

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A shipper’s perspective

Customers are increasingly demanding transparency across the entire supply chain. By signing up to the SRTI, cargo owners demonstrate their commitment by associating their brand with transparent and responsible ship recycling. The SRTI provides value to cargo owners who seek information on which to base their sourcing-related decisions, allowing them to meet the growing expectations of customers for a more transparent and accountable supply chain.

Cargo owners can use SRTI data to develop incentives and build these into existing supplier codes of conduct and sustainability strategies, for example setting specific ship recycling criteria to be met and demanding transparency as a minimum requirement in procurement processes. SRTI data helps them hold the shipping industry to account, raising the bar for current ship recycling practice as well as creating fair competition among shipowners.

Stephan Reinhold, Sustainability Manager for Transport and Logistics, BMW Group

“The SRTI is the only global initiative that is looking at the entire lifecycle of the vessel, including what happens to the vessel when it’s no longer used. That transparency is helping to create guiding principles that will affect the entire industry: that’s why the SRTI is a front runner when it comes to sustainability.”

Bunge is focused on building 21st century value chains that are transparent, verified sustainable and create positive impact on the ground. As a cargo owner, and as the first agribusiness company to join the SRTI, Bunge can provide valuable insight to shipping companies about our logistics and sustainability needs and expectations.

Marcio Valentim Moura, Director of Global Logistics for Bunge

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Sebastien Landerretche, Head of the Freight Platform, Louis Dreyfus Company

“LDC is pleased to sign up to the SRTI as a cargo owner, bringing our support to transparent and responsible ship recycling as part of our philosophy to build awareness and work collaboratively with shipowners and other SSI members toward a more sustainable shipping industry.”

Bibliography

- CDP (2019): A Sea Change: Which shipping companies are ready for the low-carbon transition
- Ellen MacArthur Foundation (2020): What is the circular economy
- OICA (2020): ESG Research

Endnotes

1. Full disclosure data on individual companies can be accessed via the SRTI online platform: www.shiprecyclingtransparency.org

2. According to the Ellen MacArthur Foundation, “a circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.” www.ellenmacarthurfoundation.org/circular-economy

3. OECD defines EPR as “an environmental policy approach in which a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle.” http://www.oecd.org/environment/extended-producer-responsibility.html

4. 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

5. UNCTAD, 2019

6. NGO Shipbreaking Platform, 2020

7. The data gathered by the NGO Shipbreaking Platform is sourced from different outlets and stakeholders, and is not cross-checked whenever possible. The data upon which this information is based is sourced to the best of the Platform’s knowledge, according to the Platform’s best knowledge to maintain the accuracy of the information. All data which has been provided is publicly available and does not reveal any confidential business information.”

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12. NGO Shipbreaking Platform, 2020

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Ship Recycling Transparency Initiative (SRTI)

Using transparency to drive progress on responsible ship recycling

The SRTI is hosted by the Sustainable Shipping Initiative

Follow the SRTI via the Sustainable Shipping Initiative

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