New transparency initiative launched to accelerate responsible ship recycling practices

Hamburg, 7 March 2018 – Industry leaders and non-profits Forum for the Future and the Sustainable Shipping Initiative today announced the launch of the Ship Recycling Transparency Initiative with the goal of increasing responsible ship recycling practices.

This call to the industry comes at a time when existing legislation, enforcement mechanisms and internationally-agreed standards are not applied consistently or can be circumvented. Transparency across ship recycling policies and practices is insufficient. This information gap leads to bad practices not being scrutinised, good practices not being rewarded and stakeholders not being able to make well-informed business decisions.

Out of a world fleet of 50,000 ships, 835 were recycled in 2017.[1] Shipbreaking is a difficult process which is often carried out in the informal sector with few safety controls. It generates many health and safety and environmental hazards, and more responsibility needs to be taken for preventable deaths, injuries and pollution.[2]

At the same time, investors seeking to mitigate their risk exposure and make improvements[3] are increasing pressure on the industry to demonstrate responsible recycling practices when using ships as collateral for loans or when seeking financing for shipbuilding.[4] Awareness is also growing among the customers to the shipping industry, increasingly concerned to ensure the environmental and social integrity of their supply chains.

The Ship Recycling Transparency Initiative (SRTI), facilitated by the global sustainability non-profit Forum for the Future and independent charity the Sustainable Shipping Initiative, brings together leading ship owners, banks and other key stakeholders from across the industry.

It aims to improve transparency in the global ship recycling value chain by facilitating voluntary disclosure of recycling practices and related data by ship owners, and to support use of this information by cargo owners, investors and financial stakeholders to make better decisions.

Stephanie Draper, Chief Change Officer, Forum for the Future said: “We see increasing levels of transparency as a key lever for change in ship recycling. If ship owners share their practices then it raises awareness of what’s happening, puts pressure on under-performers and allows
customers and owners to reward good performance. Ultimately this will lead to better social and environmental outcomes which are so critical for ship recycling."

The SRTI’s initial signatories are ship owners A.P. Moller Maersk, Hapag-Lloyd, Wallenius Wilhelmsen, The China Navigation Company and NORDEN; financial stakeholders Standard Chartered Bank, Nykredit and GES; and classification society Lloyd’s Register. The group is working with stakeholders to develop a common set of disclosure criteria and an independent, user friendly online platform where ship owners will be able to share critical information that will be accessible to investors, customers and the wider public.

The aim is to bring other leading organisations from across the industry into the Initiative, including ship owners, cargo owners, cash buyers and financiers, to support the development of the disclosure criteria and share their practices on the platform.

“We have been working on ship recycling for over three years with our members and are delighted to be part of this Initiative”, said Tom Holmer, General Manager, Sustainable Shipping Initiative. “Responsible ship recycling not only has a positive impact on workers’ lives and the environment but can also contribute positively to the circular economy and holds great value for both the shipping industry and global society.”

The SRTI will be launched at the TradeWinds Ship Recycling Forum in Hamburg on 7th March, with a stakeholder roundtable to help develop the disclosure criteria on 9th March.

To find out more about joining the Ship Recycling Transparency Initiative contact Tom Holmer, tom.holmer@ssi2040.org.

Notes to Editors:

Please feel free to use the below quotes from the participating organisations and signatories.

Ship owners:

John Kornerup Bang, Head, Sustainability Strategy, Maersk, said: “Ship recycling is a dangerous undertaking. The industry is characterised by widespread use of sub-standard practices and lack of access to information on ship owners’ policies and practices. Therefore, it’s difficult for cargo owners, investors and civil society actors to know what ship recycling practices are in place. The Ship Recycling Transparency Initiative is an excellent response to overcome this information gap. We hope all ship owners will agree and support this initiative.”

Anthony Firmin, COO, Hapag-Lloyd, said: “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. Seeking sustainable solutions for green ship recycling will not only have a major positive impact for the wellbeing and sanity of workers affected, but also for our environment.”
Roger Strevens, Head of Sustainability, Wallenius Wilhelmsen said: “Transparency in vessel recycling empowers all responsible stakeholders, including customers, investors and banks, to take informed decisions on whether to be associated with carriers that recycle responsibly, or those that 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. Wallenius Wilhelmsen recycles vessels at proper, craned berths, an approach we believe has the best social and environmental outcome.”

James Woodrow, Managing Director, CNCo, said: “The China Navigation Company has sustainably, safely and responsibly recycled three ships in Alang, India over the past two years. Having shown what is possible in these leading, Hong Kong Convention-certified ship recycling facilities with commitment all round, we wish to continue to build capacity in this vital process of a ship’s sustainable life. We strongly believe that this “Extended Producer Responsibility” can be more widely achieved by transparently sharing our sustainable ship recycling practices, experience, model contract clauses etc. through the Ship Recycling Transparency Initiative. “

Head of Corporate Communications & CSR at NORDEN, Nicolai Bro Jöhncke, said: “NORDEN is proud to be part of the Ship Recycling Transparency Initiative. Responsible ship recycling is an important part of being a responsible industry. We have seen how transparency can drive progress on important agendas in other industries and hope the same will apply within ship recycling.”

Financial stakeholders:

Head of ESG at Nykredit, Søren Larsen, said: “This initiative is helpful to any investor who wants insights to 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.”

Ellinor Häggebrink, Engagement Manager, GES, said: “GES is pleased to see the Ship Recycling Transparency Initiative taking shape. Increased transparency and improved standards within the ship recycling industry is beneficial for all parties, both for companies to improve performance and for investors to make informed investment decisions. This stakeholder dialogue is a good way of driving change, and we are happy to be part of it.”

Classification society:

Nick Brown, Director – Marine and Offshore, Lloyd’s Register, said: “Lloyd’s Register welcomes the SRTI as part of our commitment to drive industry change, by supporting responsible ship recycling practices and initiatives. We believe that increasing transparency is an essential step in this process, which will hopefully, accelerate the industry wide implementation of safe and environmentally sound ship recycling practices, to the benefit of all.”
Footnotes


[3] The social and environmental risks of ship recycling are well documented and recognised to include environmental damage, occupational health and safety risks, as well as community health and safety exposure. In addition, risks include poor social standards pertaining to e.g. wages, working hours, collective bargaining and freedom of association.


About Forum for the Future

Forum for the Future is an independent non-profit that works globally with business, government and others to solve complex sustainability challenges. We believe it is critical to reinvent the key systems we rely on to shape a brighter future and innovate for long-term success.

We have a 20-year track record of working in partnership with pioneering partners such as Unilever, PepsiCo, Skanska, AkzoNobel and Telefonica O2. We advise and challenge these organisations, both in one to one partnerships, and also as part of multi-stakeholder collaborations to address system-wide challenges.

Forum was voted one of the world’s leading sustainable development NGOs in the 2016 Globescan/SustainAbility Sustainability Leaders Survey. Find out more at www.forumforthefuture.org and follow us on Facebook and Twitter.

The Sustainable Shipping Initiative

The Sustainable Shipping Initiative (SSI) is an independent charity, comprised of ambitious leaders spanning the whole shipping value chain from charterers and ship owners, to class societies and technology companies.
The SSI’s objective is to drive the whole shipping industry value chain towards greater resilience by defining, tracking and accelerating industry progress towards sustainability. The SSI works to ensure shipping fulfils its vital role in the global economy during this time of extraordinary change.

The vision for SSI is for a shipping industry where social, environmental and economic sustainability equates to commercial success. We work with our members and other shipping stakeholders to create a more environmentally responsible, socially conscious, safer, accountable, and more economically profitable industry. One that is truly sustainable by 2040, as outlined in the SSI Roadmap.

The SSI was founded by global sustainability non-profit organisation Forum for the Future in conjunction with WWF, the global conservation NGO, and a number of leading shipping industry companies. www.ssi2040.org