

Ship Recycling Transparency Initiative Progress Report

2022



SHIP
RECYCLING
TRANSPARENCY
INITIATIVE



Smart Freight
Centre

The Ship Recycling Transparency Initiative

The Ship Recycling Transparency Initiative (SRTI) is an online platform that allows shipowners to publicly disclose their ship recycling policies, practice and progress, thereby holding themselves to account before key stakeholders – including customers, financial stakeholders, governments, NGOs and the wider public. Since 2023, Smart Freight Centre is the host of the SRTI.

Through transparency, the SRTI aims to accelerate a market-driven approach to responsible ship recycling, enabling lenders, investors, cargo owners, and others to make informed decisions and reward good practice.

The SRTI publishes an annual progress report presenting a compilation of the data disclosed on the platform by twelve major shipowners, which operate a total of 3665 vessels.

The SRTI is not a performance standard nor a rating exercise, and data on the SRTI online platform is neither audited nor verified by any third party for the SRTI. However, this data is open to verification directly with the disclosing party by any interested stakeholder.

This report compiles and presents some of the key data points against which shipowners have disclosed their ship recycling policies and practices, aimed to provide an overview of the initiative and the data available. [Each shipowner's disclosure can be viewed on the SRTI website.](#)



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Signatories

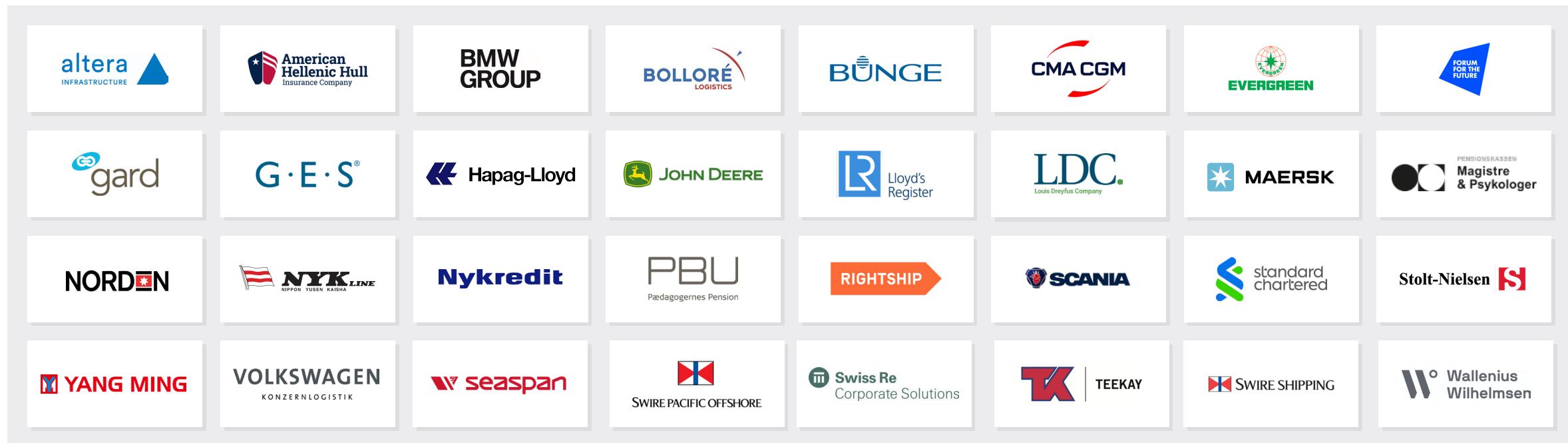
The SRTI community now consists of 30 signatories, broken down into:

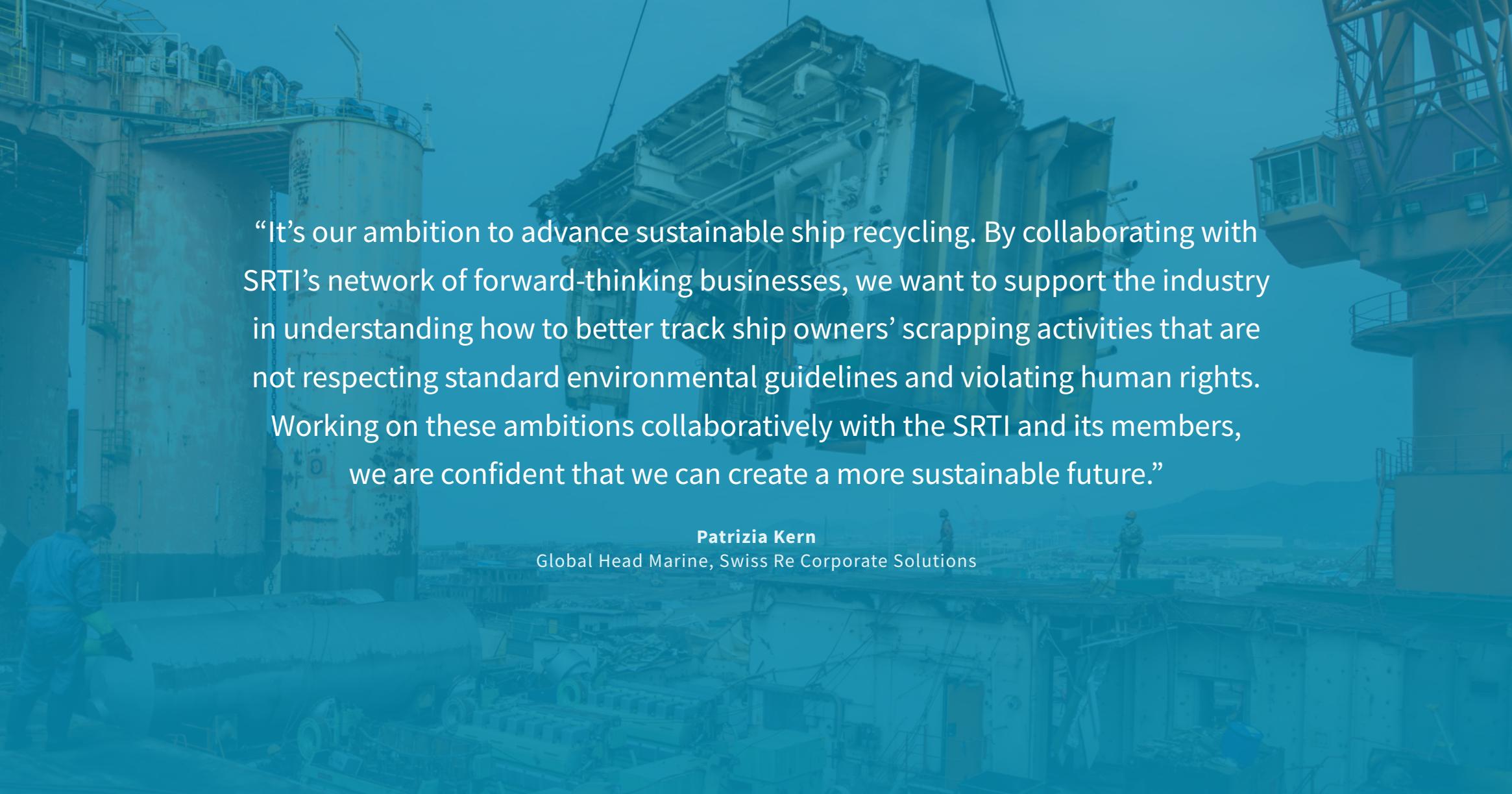
14 disclosing shipowners

6 cargo owners
(shippers and charterers)

8 financial stakeholders
(lenders, investors, and insurance providers)

2 Others
(Bolloré Logistics, Forum for the Future,
Lloyd's Register, RightShip)



A large ship is being demolished at a recycling yard. The ship's hull and superstructure are partially torn down, with metal scrap piled up around the base. In the foreground, several workers in hard hats are visible, some standing on the debris and others near the ship's remains. The background shows more industrial structures and a hazy sky.

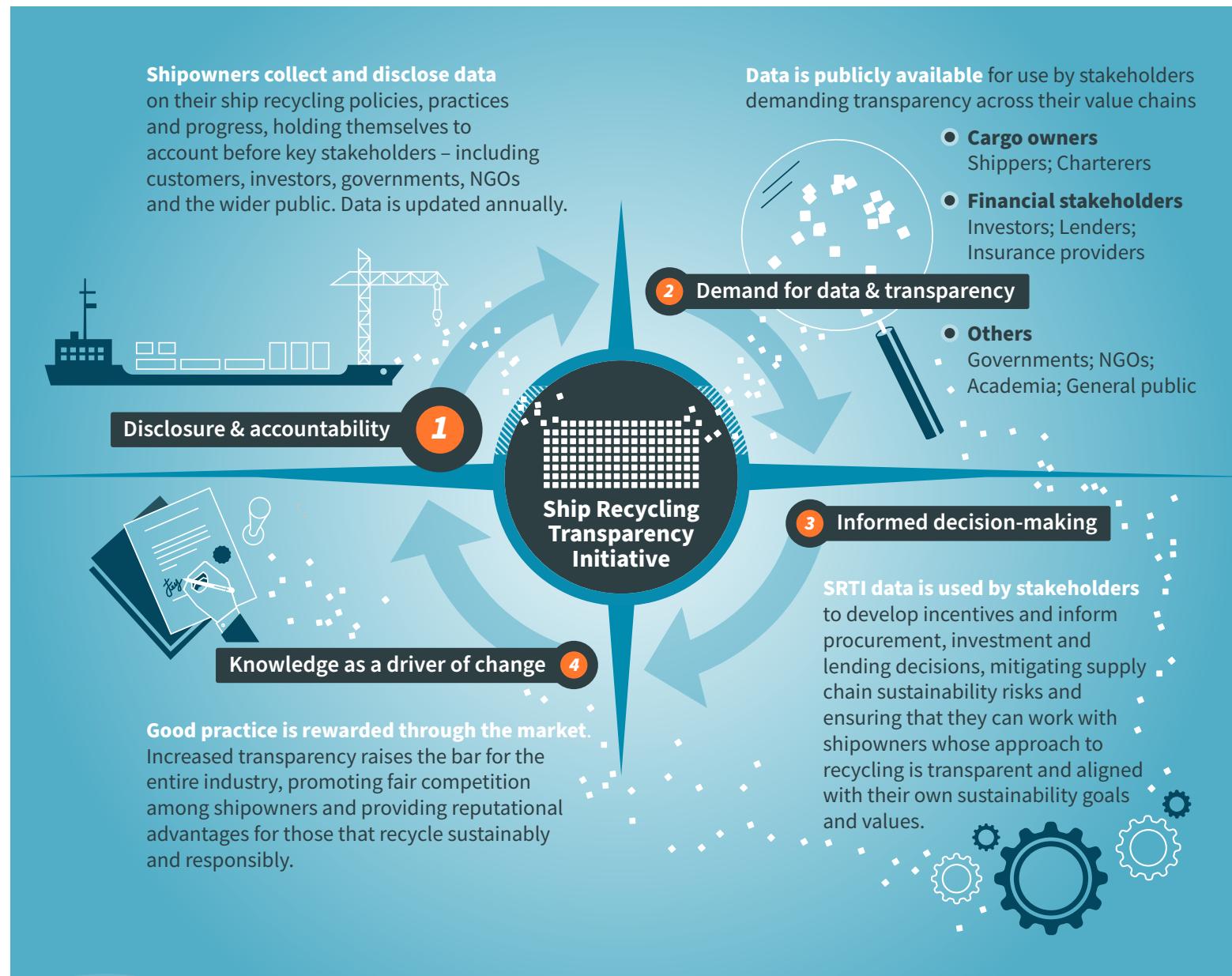
“It’s our ambition to advance sustainable ship recycling. By collaborating with SRTI’s network of forward-thinking businesses, we want to support the industry in understanding how to better track ship owners’ scrapping activities that are not respecting standard environmental guidelines and violating human rights. Working on these ambitions collaboratively with the SRTI and its members, we are confident that we can create a more sustainable future.”

Patrizia Kern
Global Head Marine, Swiss Re Corporate Solutions

Our theory of change

SRTI's theory of change breaks down the ways in which openly disclosed, easily accessible data can lead to improvements in the industry and create a virtuous cycle of transparency that rewards good practice, demanding and encouraging more transparency regarding ship recycling.

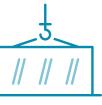
The SRTI provides a platform through which shipowners can publicly disclose their ship recycling policies, practices and progress, thereby holding themselves to account before all stakeholders – including customers, investors, governments, NGOs, and the wider public. This data, in turn, enables cargo owners, financial stakeholders and others to make informed decisions and reward good practice through the market, raising the bar for the industry.

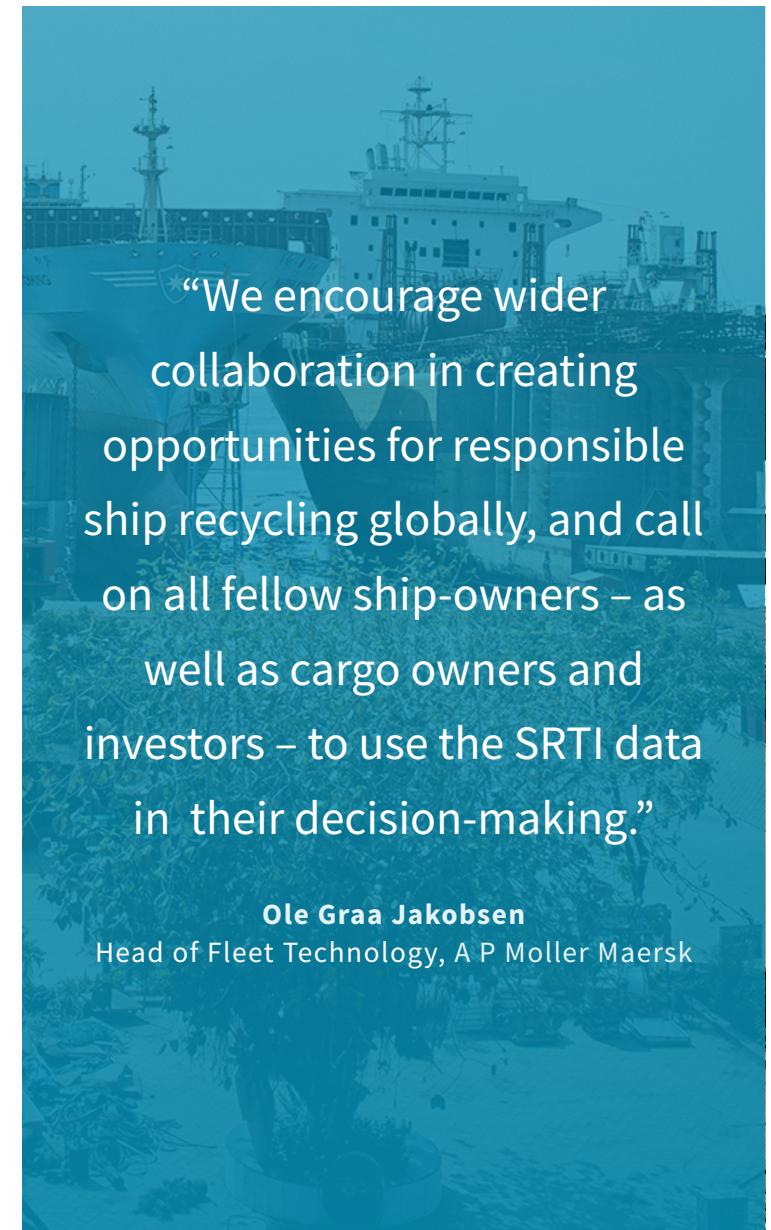


Using SRTI data

SRTI data can be used by any interested stakeholder to learn more about and understand shipowners' approaches, policies and practices toward ship recycling.

SRTI data can be used by:

	Lenders, investors, and insurance providers to incorporate ship recycling into their due diligence processes
	Shipping customers, such as cargo owners and charterers to understand the policies and practices of the carriers they work with in order to mitigate supply chain sustainability risk as well as consider and demand transparency across their value chains
	Shipowners who want to understand best practice, see what their peers are doing, or who have not recycled or had a need for a ship recycling policy in the past
	Researchers looking for further information on the ship recycling industry
	Civil society looking to understand different stakeholder approaches to the issues encountered in ship recycling



“We encourage wider collaboration in creating opportunities for responsible ship recycling globally, and call on all fellow ship-owners – as well as cargo owners and investors – to use the SRTI data in their decision-making.”

Ole Graa Jakobsen

Head of Fleet Technology, A P Moller Maersk

Progress & News

Entering its fourth year, the SRTI continues to work to drive change in ship recycling through increased transparency and accountability, building a community that shares learnings, celebrates progress, and shines a light on what is possible.

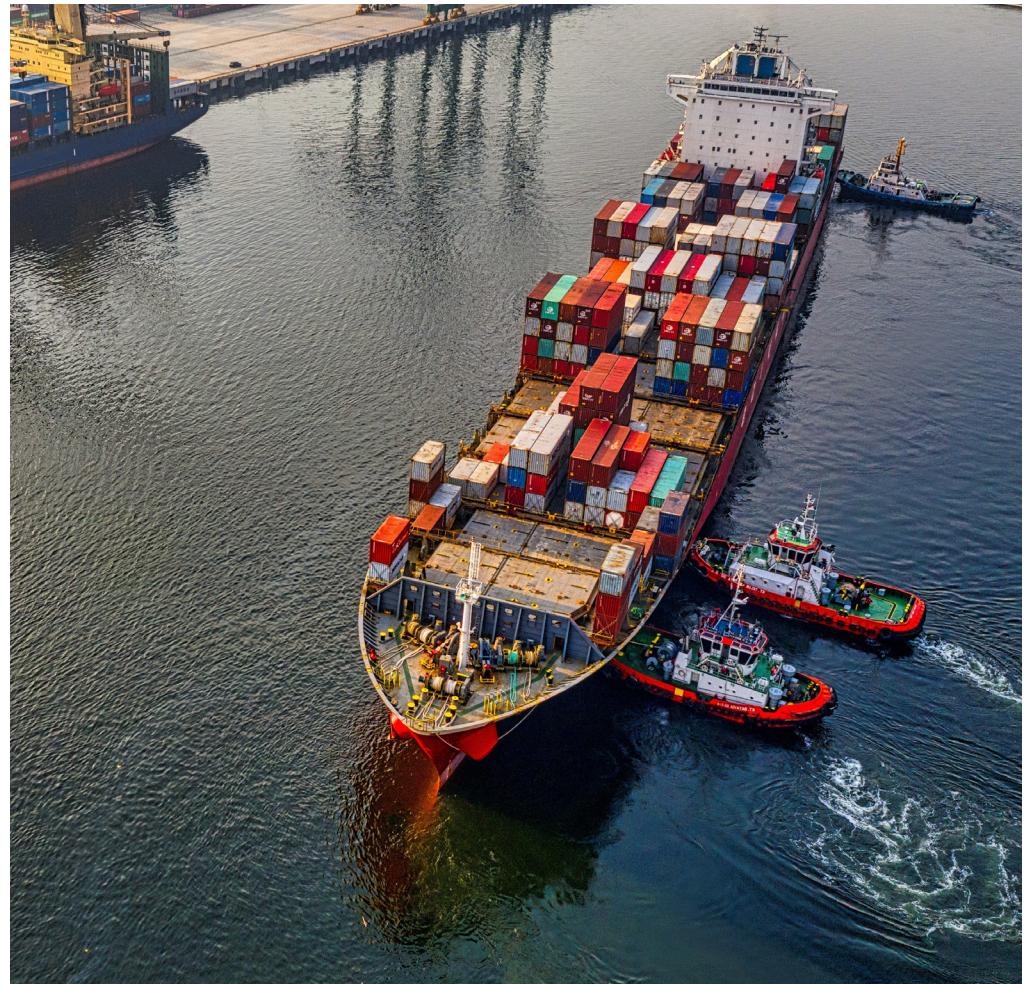
During 2022 the SRTI was present as panellist at key-industry events such as the ACI – Ship Recycling Congress held in Rotterdam (The Netherlands), the Responsible Ship Recycling Forum organized by Riviera and held in London (UK) as well as the round table organized by the International Union of Marine Insurers (IUMI).

The SRTI has welcomed three new signatories in the past year

 seaspan

 YANG MING

VOLKSWAGEN
KONZERNLOGISTIK

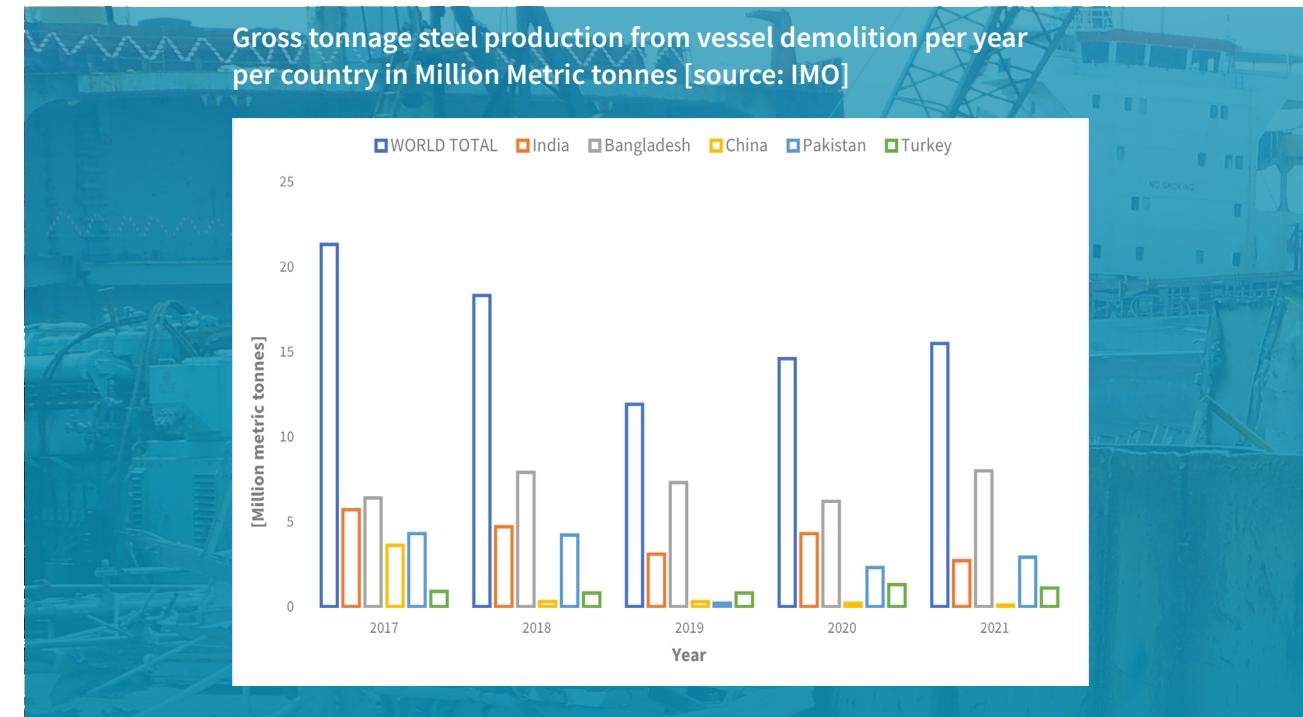
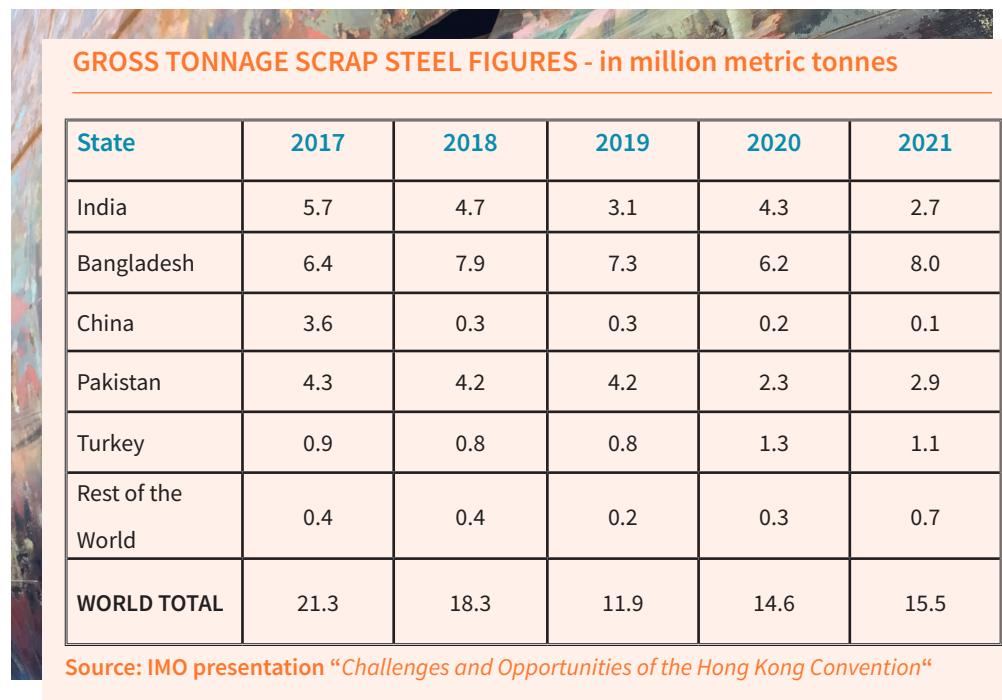


Circular economy - Ecosystem Opportunities

The ship recycling industry continues to make strides in aligning with the principles of the circular economy, advancing resource efficiency and waste reduction. Through responsible dismantling and recycling practices, the industry can recover valuable materials from end-of-life ships, contributing to play a significant role in the race towards a more circular economic model.

Notably, recycling ships yields significant amounts of steel (in 2022 some 11.8 million metric tons were extracted), reducing the demand for virgin resources and providing an excellent and quality-consistent source for the steel manufacturing industry.

The collaboration between ship recycling stakeholders and the steel manufacturers can foster a greener and more sustainable steel industry.



As global economy is increasing its efforts towards decarbonization, the steel manufacturing industry is increasingly interested into ship recycling as a valuable source of scrap for steel production. In fact, the process of recycling a vessel offers an interesting source of quality-consistent steel scrap that could help steel manufacturers in reducing their environmental impact and support their journey towards their decarbonization goals.

While steel certainly accounts as the biggest index when dismantling a ship, additionally, other valuable resources can also be salvaged. This can include:

- Non-ferrous metals such as copper and aluminium;
- Machinery and equipment
- Furniture
- Plastics

which contributes to decreasing the pressure for raw material extraction. It is believed that, if the demolition is conducted properly, it may be possible to re-use and recycle a fraction that can exceed 99% of the entire vessel.

Hong Kong Convention Certified yards

In 2022, the ship recycling industry saw an increased amount of yards getting Hong Kong Convention Statement of Compliance (SoC) certified , which has consistently increased the safe disposal of hazardous materials, the protection of the environment as well as addressing workers' rights to receive adequate training to perform their job in regards to safety.

The ship recycling industry plays an important role fostering socio-economic development, employing thousands of workers by supporting local communities. Continued collaboration, innovation, and adherence to sustainable practices are crucial to further enhancing the industry's contribution to the circular economy, striving for a future of resource efficiency and environmental responsibility.

DEFINITION

An **Inventory of Hazardous Materials** (IHM) tracks a number of materials throughout the vessel's operational life and in preparation for recycling.

It consists of three parts:

- Part I: Hazardous materials contained in the ship's structure and equipment
- Part II: Operationally generated waste
- Part III: Stores

A certified IHM is required by both the EU Ship Recycling Regulation (currently in force and applicable to all EU/EEA flagged vessels and non-EU flagged vessels calling at EU ports), and the IMO Hong Kong Convention (not currently in force).

Source: The Standard Club

“American Hellenic Hull is a pioneer in sustainable marine insurance practices and it is the first dedicated marine underwriter to sign the United Nations agenda. By becoming a signatory to the Ship Recycling Transparency Initiative family, AHHIC aspires to contribute to the development of a sustainable blue growth strategy for the marine insurance industry. SRTI plays a pivotal role in the blue economy and we believe the marine insurance industry can make an important contribution.

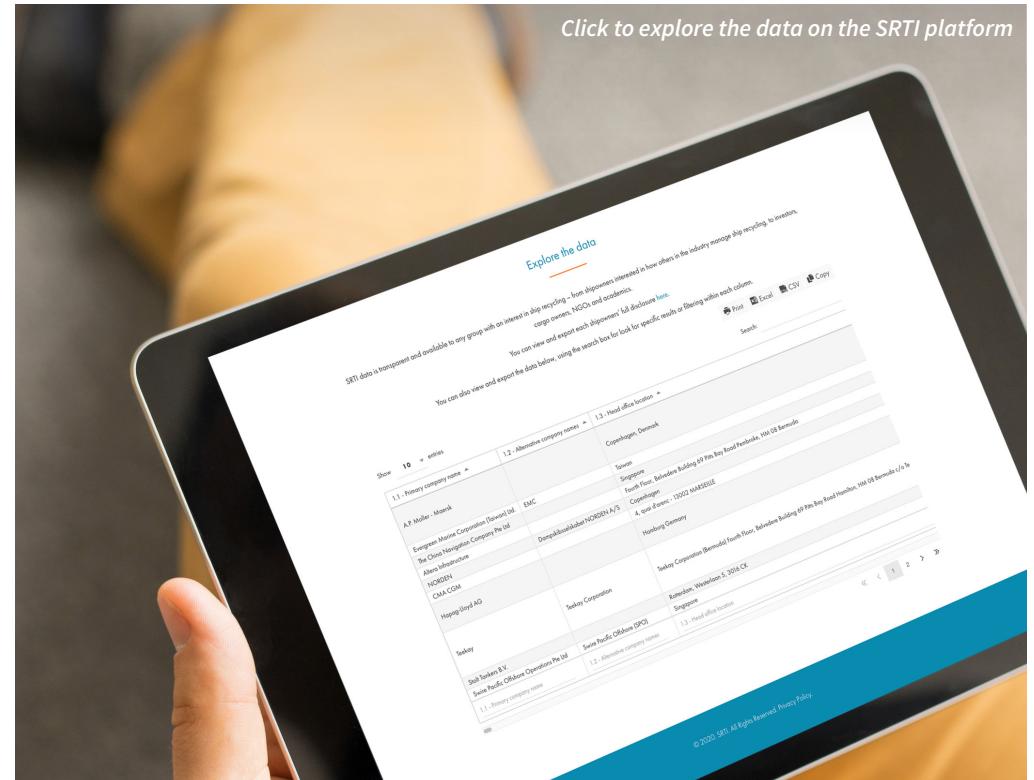
Corporate statement

Ilias Tsakiris - American Hellenic Hull Insurance Company

View and extract data from SRTI website

All data disclosed by shipowners via the SRTI platform is publicly available to any interested stakeholder. There are three ways to access the data:

1. Individual shipowner **disclosures** can be downloaded in PDF format
2. The full **data set** can be downloaded as an Excel or CSV file, allowing the user to filter, search, and otherwise explore the data
3. The **annual SRTI Progress Report** publishes the data in an aggregated format, discussing common themes in the disclosures and providing additional context



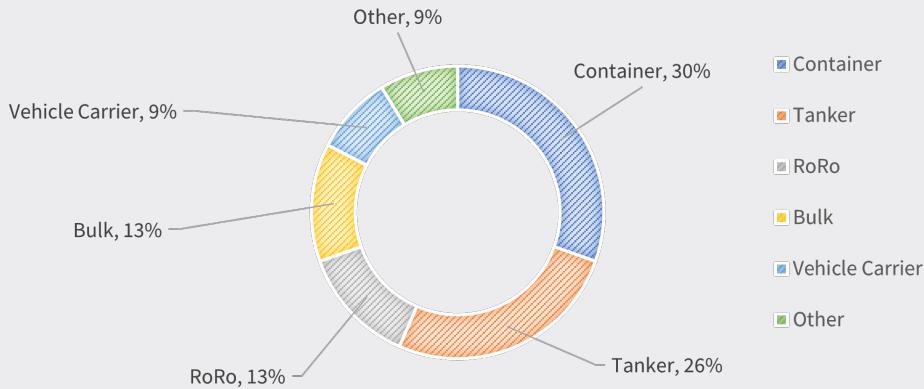
A look at the data

3665 vessels

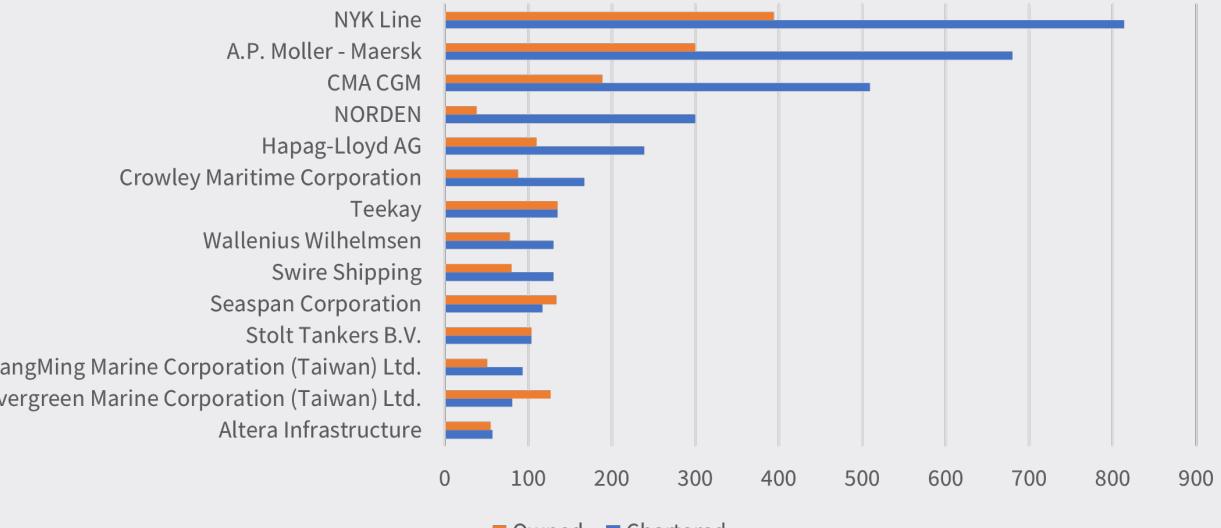
are owned and operated by shipowners currently disclosing their approach to ship recycling via the SRTI

Shipowners by vessel type

NOTE: Shipowners may cover more than one vessel type



Number of vessels owned and chartered



Shipowners disclose data against a pre-determined set of questions across five topics:

- policy and standards;
- selling owned vessels;
- ship recycling contracts;
- inventory of hazardous materials (IHM) and ship recycling documentation; and
- policy and standard implementation.

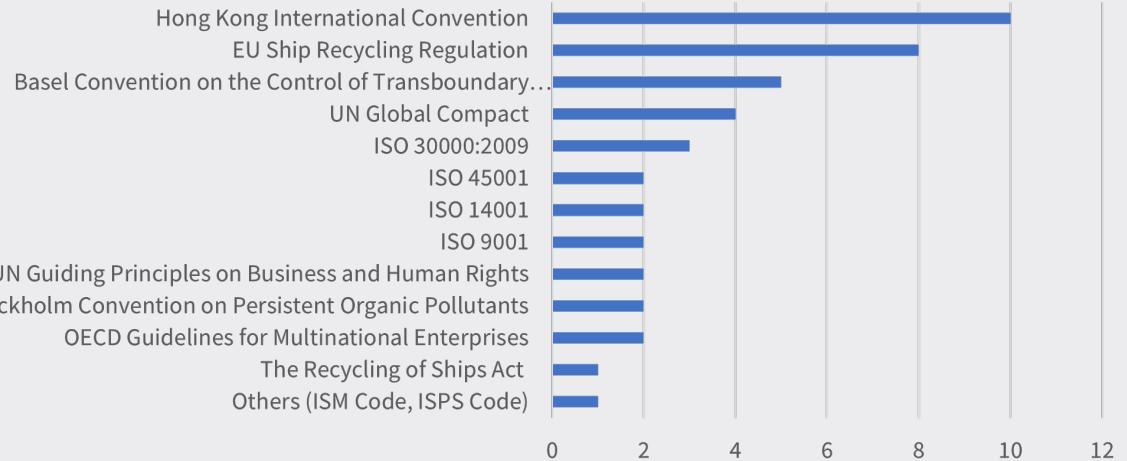
Shipowners are prompted to review and update their data once per year.

Ship recycling policy and standards

The first section of the SRTI disclosure aims to get an overview of the **policies and standards** the shipowner adheres to, including international legislation and conventions, restrictions based on recycling method and/or geography, and policies for selecting a yard or buyer for recycling.



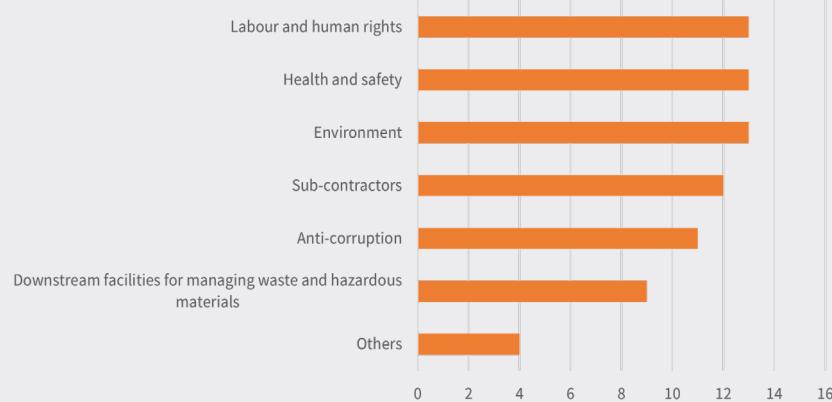
International conventions and principles to which ship recycling policies adhere



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

- [Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal](#)
- [EU Ship Recycling Regulation](#)
- [Hong Kong Convention for the safe and environmentally sound recycling of ships](#)
- [ISO 30000:2009 Ships and marine technology – Ship recycling management systems](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [Stockholm Convention on Persistent Organic Pollutants](#)
- [The Recycling of Ships Act](#)
- [United Nations Global Compact](#)
- [UN Guiding Principles on Business and Human Rights](#)

Topics covered by ship recycling policy



All 14 shipowners

disclosing their data via the SRTI have a written policy on ship recycling for their own vessels, and nine shipowners make the policy document public. To varying degrees, 8 of those disclosing place restrictions for yard selection based on recycling method or geography, for example only recycling in yards where blocks are prevented from falling in the intertidal zone.

11 shipowners

also have written policies for selecting a buyer or ship recycling facility, which may require, for example, a class-approved Hong Kong Convention Statement of Compliance, or auditing and onsite visits as part of the vetting process.



“Sustainable ship recycling can provide benefits to both the global environment and local communities. But this is contingent on having strong governance and transparency recycling practices in place. Without such the industry quickly risks doing more harm than good. Seaspan looks forward to working with SRTI to promote responsible and safe ship recycling practices.”

Torsten Holst Pedersen
CEO, Seaspan Corporation

Policy for selling owned vessels for further trading

Based on the vessel category, ships are commonly resold at least once throughout their operational lifespan. This can be attributed to the need for more modern, environmentally friendly ships aligning with companies' efforts to reduce carbon emissions and update their fleet. In such instances, ship owners might encourage responsible disposal of the ship or ships by implementing enforceable agreements or providing economic benefits to support environmentally responsible recycling when the vessel reaches the end of its life.

The trend observed in the provided policy excerpts revolves around promoting sustainable ship recycling practices and compliance with international conventions. The policies emphasize the inclusion of clauses in vessel sale agreements that require compliance with Ship Recycling Facilities standards outlined in the Hong Kong Convention. They also address different scenarios based on selling prices, residual values, and guarantees for trading or recycling ships for a minimum period.

The policies highlight the importance of not recycling vessels within a specific timeframe (typically 24 months) and complying with applicable regulations. Overall, disclosed policies aim to ensure responsible and sustainable practices in vessel recycling, considering factors such as selling prices, residual values, and compliance with international conventions and regulations.

10 out of 14 shipowners

disclosing data via the SRTI have a policy to promote responsible recycling of owned vessels sold for further trading, and 10 out of 12 impose legally binding covenants or offer commercial incentives to the buyer to encourage responsible recycling.

Provisions outlined in some current SRTI disclosures include a requirement that the vessel operates for a minimum of 24 months after purchase, and, in cases where the vessel's selling price is less than 25% higher than the current **scrap value**, a clause may be included stipulating adherence to specific ship recycling requirements or policies.



DEFINITION

The **scrap value** is the price at which the vessel could be sold for recycling. This value is primarily informed by the scrap steel price as the vessel will be dismantled and the steel sold for reuse, re-rolling or melting.

Joint venturing appears to be another interesting practice within signatories' disclosed practices. Joint ventures can in fact promote a more responsible ship recycling process, facilitating the exchange of knowledge, resources, and best practices, leading to improved transparency, safety measures, and compliance with international standards.

By pooling expertise and sharing responsibilities, these partnerships contribute to a more sustainable and ethical ship recycling industry, ultimately minimizing the environmental impact and safeguarding the welfare of workers involved in the process.

8 shipowners

always or sometimes use a standard contract for the sale of a vessel for recycling.

All shipowners

provide the buyer or recycler with a class approved IHM, as well as all relevant certificates, plans, procedures and documents in line with the shipowners' policies and standards.

Ship recycling contract

The following three sections focus on the process of preparing to recycle a vessel and the recycling process.

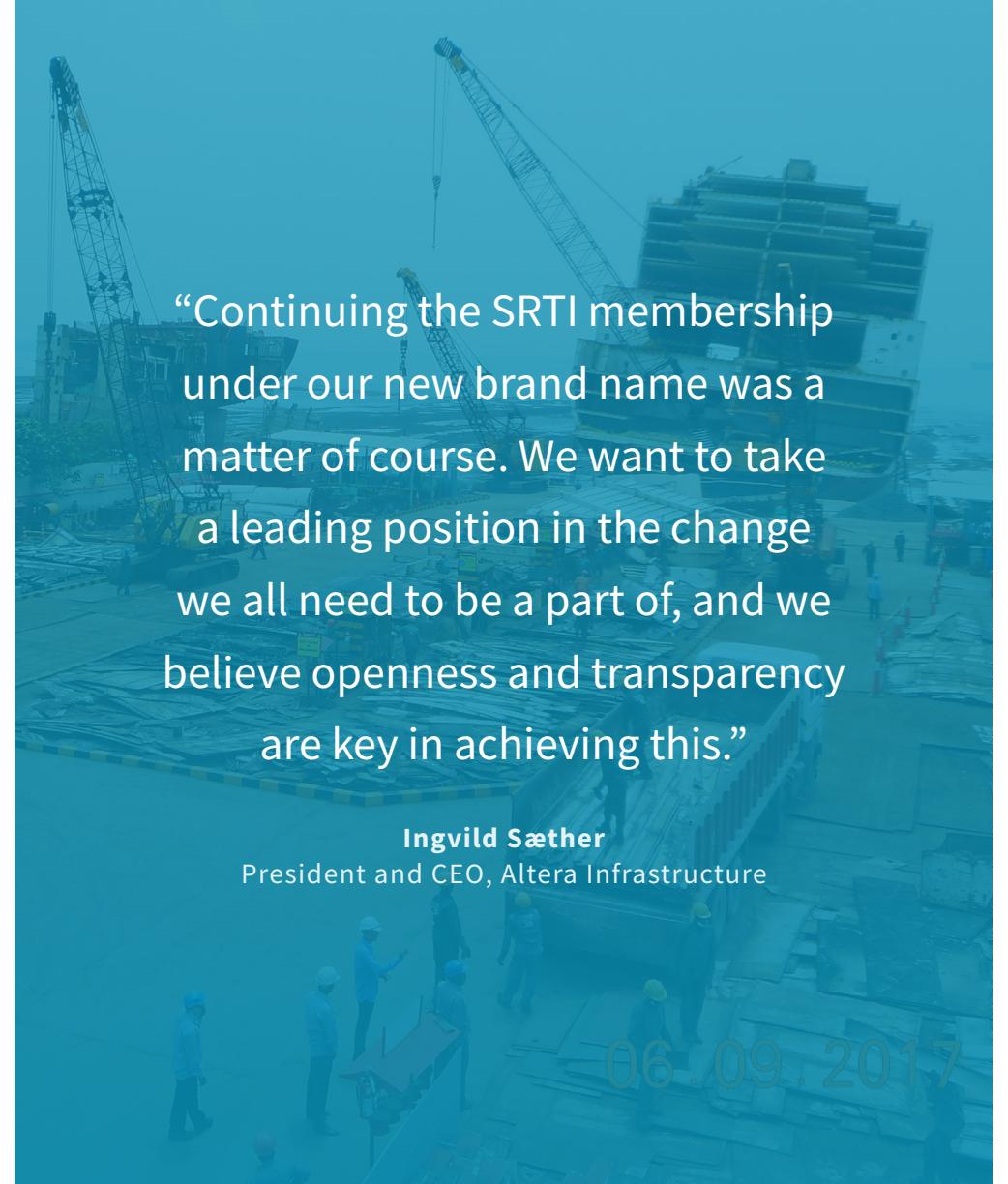
A ship recycling contract is the contract for the sale of a ship for the purpose of recycling. While some companies may use industry contract templates, such as BIMCO's RECYCLECON, others prefer to develop their own. Regardless of the approach, the contract might entail provisions such as mandating the recycling of the vessel at a designated facility or stipulating the need for access to the yard during the recycling process to facilitate monitoring and auditing activities.

Inventory of hazardous materials (IHM) and ship recycling documentation

The Hong Kong Convention requires the presence on board of an Inventory of Hazardous Materials (IHM) for every merchant ship above 500 gross tonnage. The IHM specifies what is classified as hazardous material, and contains mandatory requirements concerning the installation and treatment of these hazardous materials on board that is specific to that ship.

While not yet in force, the majority of shipowners and ship recycling facilities adhere to the Convention's requirements.

Ship recycling documentation, in turn, includes the documentation provided by the shipowner to the buyer or ship recycling facility, including relevant certificates, plans, procedures and documents.

A large ship is being broken down at a recycling yard. Two tall cranes are visible in the background, one on each side of the ship. The ship is partially demolished, with many metal structures and debris scattered around. In the foreground, several workers wearing hard hats and safety vests are standing on the ground, observing the process.

“Continuing the SRTI membership under our new brand name was a matter of course. We want to take a leading position in the change we all need to be a part of, and we believe openness and transparency are key in achieving this.”

Ingvild Sæther
President and CEO, Altera Infrastructure

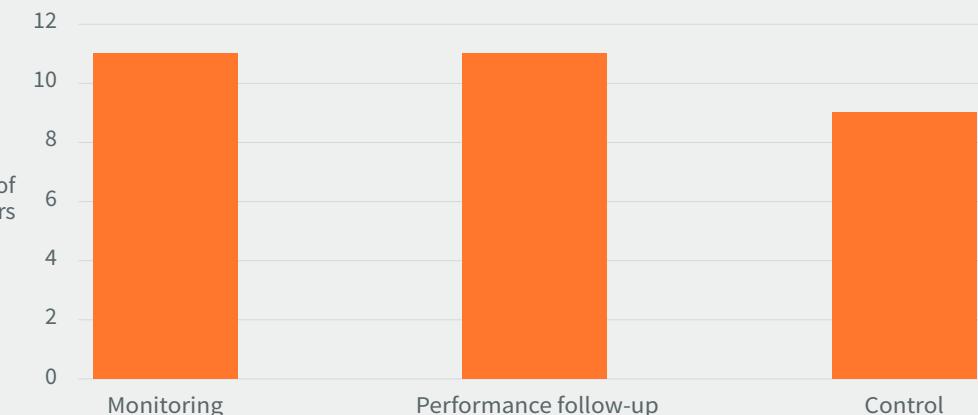
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Implementation of the ship recycling policy and standard

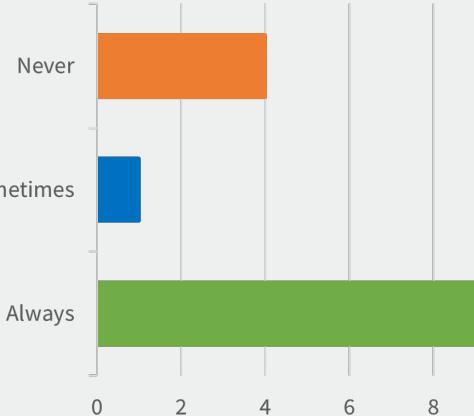
The concluding part of the disclosure questionnaire centers on the execution of ship recycling policies and standards throughout the recycling procedure. Shipowners may necessitate entry to the ship recycling facility before, during, and after the recycling process for the purpose of conducting audits and monitoring.

Moreover, shipowners may request the application of criteria on the facility that align with their own policies and standards, such as mandating grievance mechanisms for workers or ensuring the right to collective bargaining.

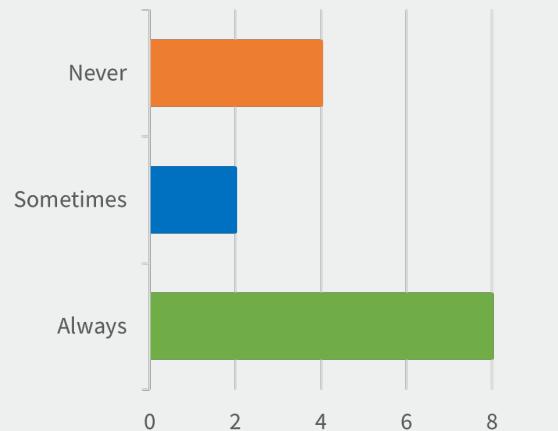
Does the company require access to the facility?



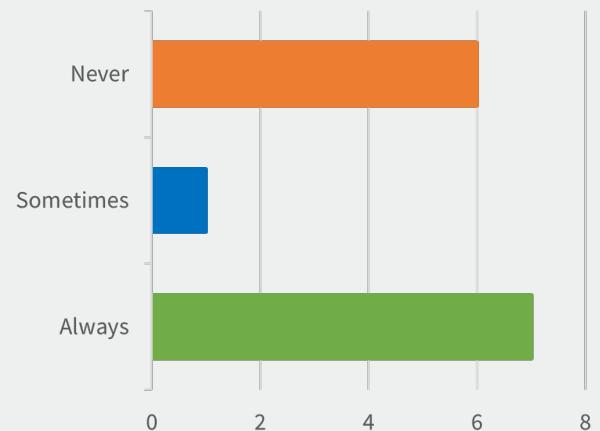
Right to stop work



Grievance process



Collective bargaining



EU taxonomy: encouraging active participation in the ship recycling transparency initiative for financial market participants and large companies

Nykredit

Author: NYKredit

The European Union's Taxonomy Regulation has introduced a groundbreaking framework aimed at promoting sustainable economic activities. As financial market participants and large companies increasingly embrace their environmental responsibilities, one crucial avenue for active participation is joining the Ship Recycling Transparency Initiative (SRTI). By aligning with the SRTI, these entities can play a pivotal role in driving positive change within the ship recycling industry while adhering to the EU Taxonomy standards.

Promoting Transparency and Accountability:

The SRTI acts as a vital platform for financial market participants and large companies to enhance transparency and accountability in ship recycling practices. By disclosing relevant data against predefined indicators, participants contribute to an industry-wide effort to eradicate unethical practices and improve environmental, social, and governance (ESG) standards. Embracing the SRTI signifies a commitment to responsible ship recycling and demonstrates a

dedication to sustainable practices throughout the value chain.

Accessing Reliable Information:

Through active participation in the SRTI, financial market participants and large companies gain access to reliable information regarding ship recycling facilities and their adherence to international standards. This transparency enables better-informed decisions when engaging in ship recycling contracts, ensuring alignment with sustainable practices and minimizing reputational risks. By leveraging the data provided by the SRTI, participants can identify environmentally sound facilities that prioritize worker safety and social responsibility.

Facilitating Risk Management:

The EU Taxonomy's objective is to foster a sustainable financial system and manage climate-related risks effectively. By actively participating in the SRTI, financial market participants and large companies align themselves with the Taxonomy's objectives. By incorporating ship recycling transparency into their risk management strategies, they can assess potential environmental and

social risks associated with their investments, lending decisions, and supply chain activities. This proactive approach not only safeguards against potential financial and reputational risks but also promotes sustainable business practices.

Driving Industry Transformation:

Active participation in the SRTI contributes to driving industry-wide transformation towards sustainable ship recycling practices. By supporting facilities that meet high ESG standards, participants can influence market dynamics and create demand for ethical ship recycling.

As financial market participants and large companies navigate the evolving landscape of sustainable finance, active participation in the SRTI becomes increasingly vital. Embracing the EU Taxonomy's principles and aligning with the SRTI not only enhances transparency and accountability but also facilitates informed decision-making and risk management. By actively engaging with the SRTI, financial market participants demonstrate their commitment to sustainable practices, driving positive change within the ship recycling industry and fostering a greener and more responsible future.

Insurance - role of insurers in responsible ship recycling

Authors: Swiss Re, Hellenic Hull Management and Gard.

The shipping industry has been making notable strides towards responsible ship recycling practices, driven by growing environmental and social concerns. In this pursuit, the role of insurers has emerged as a vital component in promoting responsible ship recycling. As key stakeholders, insurers can use their leverage to shape industry practices by encouraging sustainable behaviour and mitigating risks associated with irresponsible ship recycling.

Promoting Responsible Practices

Insurers can play a role in promoting responsible ship recycling practices by integrating environmental and social criteria into their underwriting decisions. By assessing a shipowner's commitment to responsible recycling and adherence to international standards, insurers can promote environmentally and socially responsible practices. Encouraging shipowners to choose recycling facilities that prioritize worker safety, environmental protection, and transparency contributes to transforming the ship recycling industry as a whole.

Image source: Engineering X Safer End of Engineered Life programme

Risk Mitigation

Insurers have a vested interest in mitigating risks associated with ship recycling. By actively promoting responsible ship recycling initiatives, insurers can help prevent potential losses and reputational damage. Through comprehensive due diligence and collaboration with shipowners, Insurers can communicate clear expectations and requirements for responsible ship recycling practices for shipowners to reduce the likelihood of accidents, legal liabilities, and negative environmental impact.

Driving Industry Collaboration

Insurers have the unique ability to drive collaboration across the ship recycling ecosystem. By partnering with industry associations, regulatory bodies, and shipowners, insurers can encourage collective action towards responsible ship recycling practices. Such collaborative efforts foster a culture of transparency and accountability, propelling the industry towards more sustainable practices.

Promoting Compliance

Insurers can use their influence to promote and motivate shipowners to select reputable ship recycling facilities complying with responsible ship recycling standards, invest in worker safety, and adopt environmentally sound practices, thus creating a virtuous cycle that benefits both the industry and the environment.

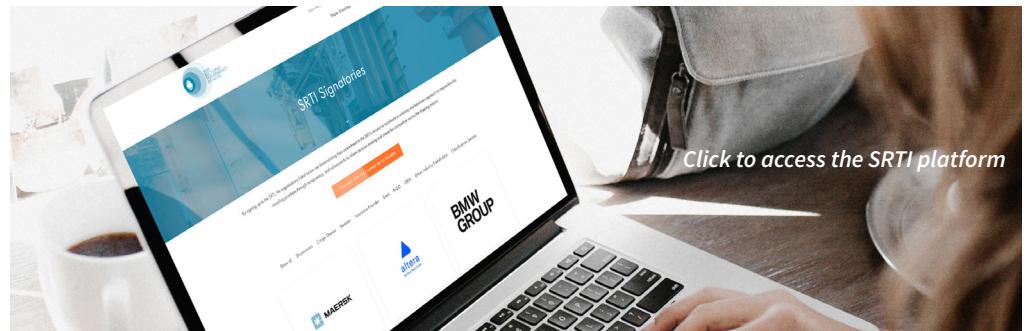
Insurers can play a vital role in fostering responsible ship recycling practices. Through their underwriting decisions, risk mitigation strategies, and collaborative efforts, insurers can contribute to shape the industry's future. By promoting responsible behaviours, insurers can drive positive change, improve worker safety, protect the environment, and contribute to the overall sustainability of the shipping industry



Future priorities

The coming decades will see ship recycling play a pivotal role as the shipping industry sets out to achieve its decarbonisation goals and shipowners execute their fleet transition plans, recycling older vessels. At the same time, growing momentum toward a sustainable shipping industry will bring increased pressure for shipowners, from customers, investors, and others, to report and take action on environmental, social, and governance issues.

Increased transparency drives awareness, and increased awareness drives action. Stakeholders who consider ship recycling to be a material sustainability issue can act – by demanding more transparency, asking or requiring stakeholders to join the initiative, and by incorporating the data into their decision-making processes.



Next steps

After 5 years of successful management by the Sustainable Shipping Initiative, as of 2023, the SRTI will be hosted by **Smart Freight Centre (SFC)**, an international non-profit organization focused on reducing greenhouse gas emission from freight transportation.

SFC's goal is to guide the global logistics industry to track and reduce its GHG emissions by one billion tonnes by 2030 and reach zero emissions by 2050 or earlier. SFC collaborates with global partners to quantify impacts, identify solutions, and advocate logistics decarbonization strategies.

SRTI and SFC will continue to collaborate to work towards a more transparent, responsible and sustainable shipping industry. Synergies between the organizations include an overlap in members/signatories as well as competencies – with SFC already having experience of hosting Clean Cargo and other data-driven initiatives.

Smart Freight Centre as host is closely linked to the shipping sectors and the multi-stakeholder approach needed to tackle these big sustainability challenges, as well as the benefits of data and transparency for those stakeholders looking to clearly show their commitment to leadership and taking responsibility.

Find out more about Smart Freight Centre here www.smartfreightcentre.org.

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About the Ship Recycling Transparency Initiative (SRTI)

The SRTI aims to accelerate a voluntary market-driven approach to responsible ship recycling practices through transparency. Shipowners can publicly disclose their ship recycling policies, practices and progress through the platform, holding themselves to account before key stakeholders and enabling cargo owners, financial stakeholders and others to inform their decision making and reward good practice through the market.

The SRTI is an independent initiative hosted by [Smart Freight Centre](#).

shiprecyclingtransparency.org

