

## A.P. Moller - Maersk position paper

# Responsible Ship Recycling

### Key Facts

- *Maersk has developed its own Responsible Ship Recycling Standard with rules on Health & Safety, Environment, Anti-corruption, Subcontractors and Labour & Human Rights.*
- *Maersk supports the adoption of the amendments to the EU Waste Shipment Regulation proposed by the EU Commission end-November 2021.*
- *Responsible ship recycling is an essential component of a climate-friendly transition of the world's merchant fleet.*



The Maersk Ahram, Tove Maersk, and MCC HaLong at different stages as they undergo responsible ship recycling at Y.S. Investments (Plot 59) in Alang, India – March 2021

Shipbuilding has undergone tremendous changes in recent decades in terms of building ships that are safer and more efficient than ever seen before. However, all ships have a natural lifecycle and when they reach end-of-life, they have to be taken out of commission. International rules from the UN (IMO) and EU have been put in place to ensure that ships are dismantled in a safe manner and components recycled to the fullest extent possible.

Despite many shipowners having policies for responsible ship recycling, around 90% of vessels are still recycled in South Asia under varying degrees of health, safety and

environmental conditions. One region where development towards more sustainable practices have been significant over the past five years is in Alang, India. Whilst there remain large discrepancies between yards in Alang, several yards have now made substantial investments to raise standards with the ultimate promise to be included on the EU's list of approved ship recycling facilities.

### Current legal conundrum

Two international (regional) legislative instruments have been adopted to directly regulate the recycling of ships. The IMO's Hong-Kong Convention for the safe and

environmentally sound recycling of ships (HKC) was adopted in 2009 but has not yet entered into force due to a lack of ratification. The European Union's Ship Recycling Regulation (EU SRR) was adopted in 2013 and entered into force on the 31st of December 2018.

The EU SRR allows for EU-flagged vessels to be recycled at yards located outside of the EU, provided these yards are found on the "EU SRR Approved List". Yards in Alang have undergone two EU audits but not yet obtained the needed approval due to remarks on downstream waste management and hospital facilities, issues that are beyond the yards direct control and need resolution by the Indian authorities. It is worth noting that yards inside the EU do not require any auditing.

Moreover, a legal discussion arose in 2020 on whether an amendment to the Basel Convention (BC) on the Control of Transboundary Movement of Hazardous Wastes and their Disposal (BBA), which entered into force in December 2019, would entail that the BBA would become the primary regulatory instrument for regulating ship recycling, thus taking precedence over the HKC and EU SRR.

The overlap between the BBA and EU SRR has therefore been sought clarified by the Commission in the proposal for a new Waste Shipment Regulation (WSR), which implements the Basel Convention and the BBA. This proposal (which was published end November 2021) explicitly states in its regulations and accompanying impact assessment that the EU SRR will take precedence over the WSR (and thus the BBA) when it comes to European flagged vessels that become waste outside EU territory.

### Keeping the momentum in Alang is imperative

From 2016, Maersk has recycled 16 vessels in seven yards. Between 2017 and 2022, Maersk has responsibly recycled 14 vessels without any health and safety or environmental incidents.

13 yards in Alang are today approved to offer responsible recycling for Maersk vessels. By accepting a lower price and working on-site with



Mobile Health Unit enhancing health care access and trainers imparting health awareness training to the workers

these Indian yards, Maersk has contributed to create a positive ripple effect in whole Alang, where more than 90 of around 120 operational yards currently hold statements of compliance with the HKC.

Furthermore, the recycling performance of Maersk-engaged Alang yards is at par with those in other countries, as they now live up to HKC and EU SRR standards. We firmly believe that this evolution will only be fully cemented if/when these efforts have been acknowledged and the first Alang yards make it onto the EU list.

Also, the approved facilities do not have the capacity required for the large EU-flagged fleet,

especially when it comes to recycling larger ships (Panamax-size and larger) in accordance with the EU SRR.

### Maersk's Responsible Ship Recycling Standard

As a leader in shipping, Maersk has developed its own ship recycling standard; the Responsible Ship Recycling Standard (RSRS). Maersk's RSRS goes beyond international rules regarding Health, Safety and Environmental issues, as well as requirements on anti-corruption and labour rights based on long recognized international standards and the Maersk code of conduct.

Moreover, irrespective of geography, a Maersk-appointed supervision team is deployed on site throughout the process with authority to stop the work at any given time. Also, frequent external audits are carried out to ensure that the RSRS is respected. The programme framework, process and audit results are shared publicly.

- **Enhance health and safety (H&S) for workers**

The worker H&S is cardinal to the RSRS, as it aims to enhance the safety of operations. It commits the yards to implement comprehensive plans for protecting worker health, executing risk assessments and

introducing mitigation measures. It mandates the presence of qualified health and safety personnel at yards, directs safe operational measures and use of personal protective equipment (PPE). It ensures compliance with national law on worker medical monitoring, thereby preventing any adverse effects on human health.

Maersk's engagement on the ground has not only helped yards achieve RSRS compliance but also helped them go beyond the regulatory framework and excel in the competitive industry. Additionally, it has provided and facilitated trainings/drills, toolbox talks, PPE checks and several other capacity development measures.

- **Minimise impact to the environment**

To minimise the environmental impact of recycling operations is a key Maersk RSRS element. It extends beyond the HKC requirements and introduces additional protection through the requirement of impermeable floors in the primary and secondary cutting zone, elimination of all contact of blocks with intertidal zone and downstream hazardous waste management through approved sub-contractors.

Maersk's engagement has developed yard capabilities for stringent environmental monitoring, additional hazardous material testing and robust management systems.

All recycling operations take place only on impermeable floors preventing any seepage of oil, chemicals, contaminated water and other hazardous substances into the environment and thereby minimising environmental impact and meeting the EU SRR requirements.

In fact, Maersk's Responsible Ship Recycling Program requirement (implemented in the RSRP) explicitly stipulates that all yards must eliminate contact with the intertidal zone. This is verified through frequent external audits and daily on the ground supervision.



The ILO compliant dormitories at R.L. Kalthia (Plot 19) in Alang, India – August 2021

- **Improve working and living conditions, human rights and anti-corruption**

The RSRS introduces several requirements based directly on relevant national standards and international instruments from the International Labour Organization (ILO) and the UN. 1300 capacity dormitories have been constructed in Alang by yards to meet the requirements. These have a positive effect on the working and living standards for workers, as it covers several critical issues like working and employment conditions, working hours, compensation and leave, worker health, freedom of association and collective bargaining, respectful and equal opportunity treatment and use of security arrangements.

For anti-corruption, the requirements include policies, compliance processes, training and reporting, risk assessments and requirements for sub-contractors.

- **Wider Alang engagement**

While RSRS applies to the Maersk-engaged yards, it has played an active role in the hinterland development of the Alang ship recycling industry. Comprehensive needs-assessment studies aimed at enhancing understanding of the labour-intensive area and interventions were designed in response to the reported needs. A Mobile Health Unit (MHU) was launched in May 2018 in partnership with the Indian Red Cross Society. It addresses primary health care gaps through treatment services by offering complementary treatment, medicines and diagnostic facilities. A training project was launched in May 2019 to proactively enhance health awareness amongst workers.

Maersk requires yards live up to the exact same standards and procedures required everywhere else in the world. Before sending a vessel for recycling, Maersk carries out a number of

external audits to ensure the yard lives up to the Maersk RSRS. More on the RSRS can be seen here: [Ship recycling & breaking | Maersk](#)

### **The Ship Recycling Transparency Initiative**

Maersk is also a founding member of the Ship Recycling Transparency initiative. This initiative aims to accelerate a voluntary market-driven approach for responsible ship recycling practices and to create an industry-wide level playing field.

The work carried out by Maersk in Alang and the associated premium to achieve compliance to our standard has shown that local engagement delivers leads to investments and change. This has been verified through third-party audits, Maersk-engaged yard project reports and validated by worker interviews. Our key conclusions are further described below.

### **Maersk position**

Maersk continues to work on ensuring high standards when recycling ships through the Maersk RSRS and the Ship Recycling Transparency Initiative as well as engaging in regulatory developments.

For further information please email: [policy@maersk.com](mailto:policy@maersk.com)



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