

Roundtable on the Responsible Recycling of Metals (RRRM) Shipbreaking and Steel Working Group - Due diligence sources and risks

19 October 2023

Meeting Agenda

1. Introduction and review of outcomes from last meeting/matters arising
2. Reminder of where we are in the process
3. Session objectives
4. Presentations
5. Facilitated breakout groups
6. Feedback and discussion
7. Next Steps

Discussions, Outcomes and Decisions

- Divergent opinions from the previous SSWG meeting on whether a number of terms such as ‘beaching’ [ship arrivals] and ‘flags of convenience’ are useful indicators of a ‘red flag’, were revisited. It was noted that a red flag does not necessarily mean there is a problem, moreover, it means that there is a requirement to do more investigation (due diligence) to determine if there is a risk.
- It also doesn’t directly mean “stop business with these parties”, it means that there is an enhanced need for understand the risks, management conditions, and further investigation. While companies reserve the right to stop trading with a supplier, best practice means that even if risks are found, the company engages with the supplier to make improvements. Should these not be actioned to the company’s satisfaction after a suitable time period, e.g. a year, only then should the company consider deselecting the supplier.
- Ladin presented the basics of the CARES Sustainable Constructional Steels scheme, including the management system prerequisites in relation to Responsible Sourcing and other relevant criteria were highlighted including, human rights due diligence. As part of the scheme, there are voluntary credit criteria, which contribute towards a ‘Rosette Rating’ which was also discussed.
- Rory presented ResponsibleSteel’s certification levels and scrap input material criteria. This requires a “core site certification”, which is followed by four levels that are performance based and optional. It rewards good ESG performance of suppliers. Commitment to responsible sourcing is a requirement, which includes data collection from direct scrap suppliers (inc. Country of origin with a minimum ‘level 1’ volume of at least 40% known country of origin).
- Elin presented an introduction to Grieg Green and their “Yardscore” system. Elin highlighted that most yards solely aim to meet Hong Kong Convention requirements, which offer a foundation level and are fairly basic. Their aim is to incentivize companies to perform better, in transparency, ESG performance and due diligence.
- Yardscore’s primary focus is repair and recycling yards, and secondary focus is newbuild yards. It is in line with the Hong-Kong Convention, is initially free to join and later,

requires a subscription fee. It is a questionnaire-based system (first-party filled), and then “live reporting” is used, which is verified by physical yard audits. This includes sample, random, spot checking (Grieg Green is in the process of getting accredited to ISO 17029: 2019 – conformity assessment – General principles and requirements for verification bodies). It is currently being expanded to cover key ESG dimensions for repair and recycling yards (environment and climate, social responsibility, technical efficiency and HSEQ professionalism).

- Discussions on having different weights for different topics were held. It is stated that while having more weights for more material issues could be helpful, it is important to address that when weighting is used, as there is a tendency for companies to focus only on highly weighted areas.
- The importance of transparency and having open-access to rating systems was highlighted.
- It was agreed that the WG members could reach out to Grieg Green for their further questions.
- Henning and Benedetta will be meeting Arcelor Mittal (Belgium) next month and will highlight our work and ask for more information on their controls.
- It was noted there are ongoing discussions about closing of poorly performing rerolling mills in India.
- The Mural will be kept open for further WG contributions, especially on the recommendations side. The Secretariat asked the WG members to add their contributions as sticky notes, adding their names (or initials), so that if any questions are raised, it will be easy to reach out. The focus in on:
 - Developing our risk understanding at each stage of the value chain
 - Confirming which evidence and documentation can be used to understand, document and transfer these ESG risk and management information
 - Identifying how these risks can be avoided, reduced, mitigated and remedied
 - How we can monitor progress and gain confidence that these things are happening

Action agreed	Owner	Deadline
Continuing to contribute to the Mural , with a focus providing “Recommendations”	SSWG members	Ongoing
To share pre-reading materials ahead of the next SSWG meeting	RRRM Secretariat	30/10/23

Attendees

Andreas Malm Justad, Grieg Green
 Bernadetta Mantoan, NGO Shipbreaking Platform
 Ehud Bar-Lev (Udi), Lloyd’s Register
 Elin Saltkjel, Grieg Green
 Henning Gramann, GSR Services
 Ladin Camci, CARES
 Rory Meredith, ResponsibleSteel (RS)
 Sameen Khan, The Climate Group / SteelZero
 Dave Knight, Roundtable for the Responsible Recycling of Metals
 Umut Cantoru, Roundtable for the Responsible Recycling of Metals

Mark Prins, Roundtable for the Responsible Recycling of Metals