

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

2 November 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. Presentation Grieg Green
5. Break-out session
6. Next Steps

Discussions, Outcomes, and Decisions

- Elin attended from Bavnager, 55km from Alang shipbreaking beach, Gujarat, India. Elin was accompanied by a local colleague and women from the Self-Employed Women's Association of India who shared a video about their work processing and recycling parts from broken ships, including electronics containing plastics and metals and the Grieg Foundation funded project to improve their livelihoods.
- <https://www.griegfoundation.com/our-projects/women-workers-in-downstream-ship-recucling-industry?rq=alang>
- Project objectives include increasing the voice, visibility, and validity of the women workers of the circular economy sector; OSH Trainings on hazards and safety; Proper usage of PPE and tools for the safety of the worker and increased efficiency; Formation of a Cooperative to increase the collective bargaining strength; mapping of the forward and backward linkages in the downstream industry
- Q&A themes
 - There is no training for the segregation of metals but can be developed in the future; For Protection, it is important to be aware of what tools will be used. For example: bigger gloves make it difficult to do fine work. Masks are now worn but larger face visors are not as culturally not accepted
 - Traders buy job lots of scrap from SRF's, which typically run auctions on a regular basis. The traders arrange for transport to local towns and cities.
 - The women typically buy scrap lots from traders and disassemble into the fractions and components, working in their backyards or on the street. They sell separated metals and anything of value back to the trader. When they negotiate the price, the price depends on the market and may fluctuate, so there is no guaranteed return and the risk is on the women
 - Although this leads to very high EOL recycling rates (~97%), it exposes the community to significant risks from handling hazardous materials, especially to the face and hands and residual waste is discarded without any treatment with any other waste.
 - Most items from vessels can be processed and the hazards depend on the item and how it is processed. An example is cables. These can be stripped mechanically or manually. Some may contain hazardous substances. The plastic is sold as well as the metals. Plastic is cleaned and remelted into granules, which are processed locally into a range of other goods. Metals are separated and sold.
 - As the women are culturally bound to work from home and won't go to another location to do their work. This makes it harder to create a safe workplace for them.

- These local traders may sell metals to local casthouses or to other traders.
- Larger sections of steel may be sold to the steel rolling mills directly.
- Ladin noted that bigger mills may have CSR projects.
- The mapping project will help clarify the trades and routes for the metals and other materials. The group discussed linking ship owners through to steel mills and opportunities to take greater responsibility for more parts of the value chain.

Two breakout groups used scenarios to discuss the following questions. Key outcomes are highlighted:

You are a responsible ship owner who wants to make sure that your vessel is broken and scrapped with high ESG standards. You select an SRF that says it can meet HKC standards and respects its workers. Local information suggests that the SRF sub-contracts dismantling and some processing of metal-containing elements to various local businesses. You are aware of reports of health and environmental impacts, unsafe working practices, and use of child labor in the local communities that rely on small-scale recycling for their livelihoods.

- a. *How can you gain confidence in ESG conditions and performance at each stage of the value chain? What are the appropriate requirements for each actor?*
 - i. From the ship owner's POV – the **contract between the ship owner and recycler** – establishes the right to look into downstream material flows. **Require transparency.** Can follow flows in the hinterland, which will be reported back to the seller. Commercial tools, like incentives and penalties. Contracts oblige 24/7 access right to SRF/documents/to follow trucks etc. Can review the waste manifests – but less controls.
 - ii. The shipowner pays. But many shipowners don't take full scope of auditing – waste disposal may be included for example but focus typically only on SRF.
 - iii. Site and documentation audits are needed by third parties to check compliance with agreed scope. However, audits also have limitations – only snapshots of reality. Part of the audit can also **require reporting tools to track their sub-suppliers.**
 - iv. Most segregation is done within the SRF, with Auctions to trader typically once per week. Pile up materials and traders come in and select one. Therefore, the informal route is less controlled. None of the projects so far cover this. Large variation in SRF's operations, with some sold to traders, and they do the auction.
 - v. Maximizing the value of materials is key through segregation – the better this is done, the higher the prices. **Opportunity for this to become more of a service** to separate hazardous materials out safely. Question over who would benefit from retaining ownership.
 - vi. **Workforce is readily available, but it is the financial costs that are a barrier to better conditions; as** reliant on the price of metals, then the system is very vulnerable to the processors – leading to corner cutting. Therefore, **consider different business models and enhanced legal requirements.**
 - vii. **Putting more emphasis on SRF, e.g., commission cooperative to separate out value metals then returned to SRF – responsibility maintained.** Then can better support them
 - viii. Knowledge of traders and workers on relative values of fractions is well understood. E.g. 10-12 categories of steel plates segregated as aware of value. **Opportunity to provide more information on identifying different value elements. Copper pipes 94% copper content - know will get more value.**
 - ix. Chemical composition less aware. **Knowledge of hazardous materials is the area that needs more training, but this costs more.**

- x. **Extended Producer Responsibilities considered as one option for improvement** – who pays, factoring it into costs – **Policy – and how to pass on these costs?** Leveling the playing field globally as various enforcement and standards can eld to the risks.
- xi. Risk to recyclers from vertical integration. Manufacturers want to maintain ownership of materials. High-value materials – circularity is seen as a mechanism to secure supply of materials.
- xii. Facilities for workers – a **safe environment for women to work.** Or pre-processing before they get the materials? As the women are **culturally bound to work from home and** won't go to another location to do their work. This makes it harder to create a safe workplace for them.
- xiii. Market demand – needs transparency. One barrier of shipowners to committing to SteelZero is that ship building and also recycling are so far removed from their focus on reducing emissions from fuels
- b. *What assurance types and options available are best suited to each stage of the value chain: e.g. tracking inputs outputs/digital materials passports, community monitoring, photographs, media reports, worker voices, self-assessments, grievance reporting, third-party audits at SRFs (think Yardscore, Maersk RSRS, GSR Services proposals), satellite monitoring of key shipbreaking areas, CARES SCS/RS at Steel Mills, transparent reporting, etc.*
 - i. **Mass balance of materials** – especially hazardous, however IHM's are not identifying all hazardous materials – so baseline poor. Excludes e-waste **(should all automatically be classified as hazardous)**
 - ii. Limited time on board ships for IHM surveyors so the focus is on suspicious materials – id hazardous materials, cannot see all materials as within other components, e.g. flange gaskets, therefore cannot do full overview with correct quantities – more a representation of likely risks. **Each SRF needs HM expert.**
 - iii. Installed cameras at SRF but difficult to know what materials are in waste piles
 - iv. Grievance reporting system can be effective.
 - v. Self-reporting from the ESG team can be effective.
 - vi. **Potential Indicator: how many IHM samples are being taken.**
- c. *What are the limitations of and confidence levels you can expect from each type of assurance?*
 - i. Challenges – poor enforcement, especially in small scale households
 - ii. Steel mills: trace back to Tier 1 is possible, but Tiers 2 and 3 are more difficult to trace back. Within Europe even Tier 3 is hard. Within Asia Tier 2 is nearly impossible.
 - iii. If traceability is hard, the legislation within the country is important. If the legislation is not there, or when it is not regulated, you have to work within projects as was shared earlier.
 - iv.
- d. *What are the risks and opportunities of the assurance methods you think would work best for the SEWA women working in Alang /What can we learn from them?*
 - i. Training
 - ii. Working with projects, pushing the best standards that are there.
 - iii. Pushing the previous owner of the waste.
 - iv. Technology transfer to reduce basic manual handling and dismantling risks
 - v. There should be a shared responsibility all true the value chain to control waste etc.

Action agreed	Owner	Deadline
Secretariat to start collating recommendations and findings	Secretariat	23/11/23

Secretariat will share more information about recommendations and route-map structure and presentation at the next meeting	Secretariat	23/11/23
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Attendees

- Benedetta Mantoan, NGO Shipbreaking Platform
- Ehud Bar-Lev (Udi), Lloyd's Register
- Elin Saltkjel, Grieg Green Services (first 45 minutes)
- Local Gujarat representative Grieg Green Services (first 45 minutes)
- Self-Employed Women's Association representatives (first 45 minutes)
- Henning Gramann, GSR Services
- Ladin Camci, CARES (first 30 minutes)
- Rory Meredith, ResponsibleSteel (RS)
- Sameen Khan, The Climate Group / SteelZero
- Andreas Malm Justad, Grieg Green
- Andreea Miu, Sustainable Shipping Initiative
- Patrick Davison, Mayer Environmental EMR
- Victor Nieto, Metalshub
- Ankitab Anshu, Lloyd's Register
- *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*