

SCRAPPING

Turkish breakers top ranks as 'most responsible'

Adam Corbett **London**

Sustainalytics, an independent research company working in support of responsible corporate investment strategies, has drawn up a fresh assessment of the ship-breaking industry.

Its recently released report, titled "Shipbreaking to green recycling", ranks Indian breaking yards — which controversially look set to be excluded from an upcoming European Commission (EC) list of approved facilities — in the same environmental, social and governance (ESG) category as usually more highly regarded Turkish and Chinese yards.

The company looks at 161 different factors in its ESG ratings.



▶ **JEAN FLORENT HELFRE:** Author of the Sustainalytics report into the scrapping industry. **Photo:** SUSTAINALYTICS

Based on a 2014 fourth-quarter analysis looking at the yards' overall ESG preparedness and best practice, Turkey ranks top, with 148 points, followed by India with 134 and China with 131.

But all three are included in category C of Sustainalytics' ESG rating, which goes beyond environmental and safety management into other areas of governance. Bangladesh was rated in group D with just 111 points, and Pakistan in Group E with 82 points. The highest overall category is A.

Yards can score a maximum of 100 points in each of the three ESG categories.

CHINESE BLACK MARKS

China, the demolition country often said to have the best facilities and methods, failed on human rights rather than environmental and safety issues.

Turkey scored badly on climate-change management.

The author of the report, Jean Florent Helfre, says beaching yards in India, Pakistan and Bangladesh "rank poorly in most governance areas and in some social and environmental areas".

The report also cites the Netherlands' list of approved shipbreaking facilities based on the country's interpretation of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. The Dutch list is made up of 13 Turkish, Dutch and Chinese yards but includes no Indian facilities.

Sustainalytics applied the same ESG assessment to some of the leading shipowners. Only AP Moller-Maersk scored above category C, achieving an A ranking

with a whopping 232 points.

Orient Overseas International Lines (OOIL) was rated with a C ranking along with Kuehne & Nagel but three Asian giants, Nippon Yusen Kaisha (NYK), Mitsui OSK Lines (MOL) and Neptune Orient Lines (NOL) were all ranked D and Japan's K Line was given a lowly E.

Helfre says transparency is a key issue for owners.

"A growing number of companies exposed to controversial ship-breaking disclose a policy on ship-breaking. In the transportation industry, Maersk has paved the way by disclosing a detailed policy statement on the issue, followed by the CSL Group, Hoegh, Van Oord and Hapag-Lloyd," he said.

TRADEWINDS
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Page 6

