

Sustainable Ship Recycling Policy

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1. Purpose

Swire Bulk Holdings Pte. Ltd. group of companies (Swire Bulk) has a Policy that all ships at the end of their economic lives will be recycled in a sustainable, safe, responsible and environmentally sound manner. This Policy details how this will be assured by Swire Bulk.

2. Policy Statement

This Policy states that all vessels at the end of their working life will be sent for recycling to yards that, as a minimum, adhere to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC); and that, are certified by a reputable independent third-party to ISO 9001:2015, ISO 14001:2015, OHSAS 18001:1999 and preferably, ISO 30000:2009.

This Policy ensures that Swire Bulk recycles our assets in a sustainable, safe and in an environmentally responsible manner.

3. Application

This Policy applies to all Swire Bulk vessels at the end of their economic life that are not sold for onward trading and are thus sent for recycling.

4. Definitions

Acronyms	Description
HKC	Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships
ISO	International Organisation for Standardisation

5. Policy Details

5.1 Sale of ships

When a ship is offered for sale at the end of its economic life by Swire Bulk:

- If the residual value is greater than 40% above the highest current scrap value then there need be no additional contractual provisions concerning sustainable recycling of the ship;
- If the residual value is between 25% and 40% above the highest current scrap value then there shall be included in the sale contract a contractual provision that the buyer must warrant to trade the ship for the subsequent 2 calendar years or, if the absence of this, to sustainably recycle the ship according to this Swire Bulk's Sustainable Ship Recycling Policy;
- In all other cases (viz. the residual value is below 25% above the highest current scrap value) then there shall be included in the sale contract a contractual provision

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that the buyer must warrant the ship will be sustainably recycled according to this Swire Bulk Sustainable Ship Recycling Policy.

5.2 Tender of ship recycling facilities

If Swire Bulk is seeking to recycle a ship we will only tender to (or via Cash buyers warranting to use) Ship Recycling Facilities (“SRF”) that are currently (and expected to be for the duration of the dismantling) fully certified by a reputable, independent, competent third-party as having valid and verified accreditation against the [Hong Kong International Convention \(“HKC”\) for the Safe and Environmentally Sound Recycling of Ships](#) (whether or not yet formally adopted), and additionally if it is an EU Flagged ship, or departing on final voyage from an EU port, the SRF must by EU law be on “the white list” under the [EU Ship Recycling Regulations \(“SSR”\) 1257/2013](#).

5.3 Class Societies

The reputable, independent, competent third parties referred to in 5.2 above include (only) the following class societies: ClassNK, LR and DNV.

This list will be reviewed periodically by Swire Bulk’s recycling representative (“RecRep”), generally the GM – Sustainable Development (“GM - SD”), in accordance with the Review section below.

5.4 Swire Bulk’s RecRep

Swire Bulk’s RecRep will undertake an onsite audit against the Sustainable Shipping Initiative Responsible Ship Recycling Standard (“SSI RSR”) of any/all successfully tendering SRF, accompanied by a reputable, independent, competent third-party, and this must have minimal NCRs on completion, as a subject to final confirmation of award of the sale for recycling.

5.5 Clauses

The award of the sale for recycling of a Swire Bulk vessel at the end of its economic life to a cash buyer and/or the SRF itself directly shall include as a minimum, but not limited to, the following clauses:

1. Swire Bulk will provide, at our sole cost and responsibility, both an HKC Compliance Monitoring Team (“CMT”) consisting of personnel equivalent to such as at Master level, 2/E level and Bosun level, together with an auditor from a reputable, independent, competent third-party, to work with the SRF management to close the gaps between the Ship Recycling Management Plan of the SRF (“SRFP”) and reality, and establish best SRF practice building on, and exceeding where feasible, the HKC;
2. The CMT and Third-Party Auditor will be employed by Swire Bulk Head Office through contracts with relevant third-parties. These personnel will act as Technical Advisers to the SRF Management, and will expressly have no authority to instruct any SRF personnel to start, continue, or stop any work practices, except as explicitly provided below;

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3. It will be agreed between the SRF and Swire Bulk that all the personnel of Swire Bulk, including the CMT, RecRep and contracted auditor, will have the authority and responsibility to order all work to be stopped immediately on the recycling operation should they become aware of any work practices or omissions that have the potential to cause imminent or immediate harm to a) the health and safety of the workers, b) the environment. The stop-work order will remain in place until the cause has been identified and remedied or rectified to the satisfaction of Swire Bulk;

4. It will be agreed between the SRF and Swire Bulk that all the personnel of Swire Bulk, including the RecRep, CMT and any contracted auditor, will have the authority and responsibility to request a meeting with the SRF Management should they become aware of any work practices or omissions that, whilst they may not have the potential to cause immediate harm to people of the environment, but they are in contravention to the Ship Recycling Plan for the specific vessel in question (“SSRP”) or SRFP or the HKC. The meeting with management will occur as soon as possible and recommend systems, procedures and/or practices such as will remedy or rectify the compliance shortfall to the satisfaction of Swire Bulk;

5. The SRF (and CMT) will provide a weekly sustainable recycling progress report to the GM – SD, from the time of beaching to the time of obtaining a Certificate of Completion of Recycling from the appropriate regulatory body; This report will be submitted by e-mail prior to opening business Singapore each week and will include as a minimum:
 - Details of all recycled products and Hazardous Material disposed of, and to which certified, competent facility, over the preceding period;
 - Details of internal and external audits of both SRF equipment and processes measured against the requirements of the HKC;
 - Dismantling progress made over previous week – text and photographs describing key activities, measured against SRP, and a forecast ETC;
 - Work permits issued (e.g. Hot work, enclosed space, work at height or over water);
 - Training undertaken, for whom, by whom and against which standard;
 - Executive Summary;
 - Manhours worked and full HS&E statistics (FAT, PTD, PPD, LTI (and LTIFR), RWC, MTC, FAC (and TRCFR), AD, NMR, RTA, Environmental
 - Spills, Compliance notices and any fines or penalties issued);
 - Stop-work orders – reason and time to rectify;
 - Suggestions for improvement.

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6. Both the Swire Bulk RecRep and the contracted reputable, independent, competent third-party auditor will visit the SRF during the dismantling, both announced and unannounced. The frequency will be as agreed between Swire Bulk GM - SD and the Third-Party Auditor but is likely to be around monthly. The Audit During Recycling (“ADR”) will be undertaken on-site involving the Swire Bulk GM - SD, Third-Party Auditor, CMT and SRF Senior Management. Each ADR will be shared with the CMT and SRF to enable them to build capacity and competence further;
7. The SRF will provide a full certified copy of the local regulatory Recycling Completion Report when this is obtained;
8. A Post Completion closeout Audit Review (“PCAR”) will be undertaken on-site involving the Swire Bulk GM - SD, Third-Party Auditor and SRF Senior Management. The final PCAR will be shared with the SRF to enable them to build capacity and competence further.

6. Governance

6.1 Policy Owner

The policy owner is stated at the beginning of this policy. If the policy owner changes, the policy must be re-issued to document this.

6.2 Failure to Comply

Employees must always adhere to the conditions of this policy. Non-compliance must be escalated to hiring manager immediately.

6.3 Exceptions

There might be scenarios where exceptions to this policy may be required. Any exception requests must be submitted to the policy owner for consideration and approval.

6.4 Changes to Policy

Swire Bulk reserves the right to amend this policy at its sole discretion. In case of amendments, the policy owner will inform staff appropriately.

7. Related Documents

Policies	SOPs	Guidelines and Manual
		<ul style="list-style-type: none"> • Sustainable Abbreviations • Inventory of Hazardous Materials (HM) Guide

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8. Policy History

Amendment Date	Section	Revision Number	Description
26-04-21		2	- Approved by Simon Bennett (GM-SD) by email
23-08-22		3	- Changes to company name and text style standardisation

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