

# SHIP RECYCLING POLICY

VERSION 2.3

*Approved by the Board of Directors of The CSL Group Inc. on June 14, 2018*

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## INTRODUCTION

In the course of its business, The CSL Group Inc. (CSL) disposes of vessels which have outlived their commercial usefulness. These vessels are sold to shipyards, brokers or other ship owners for recycling or continued commercial use. The purpose of this Policy is to set out the practices to be followed by CSL in the design, construction, operation, sale, and recycling of these vessels so as to ensure that their disposal is carried out at all times in a manner which does not pose any unnecessary risks to human health, safety or the environment.

As such, CSL supports the ratification of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships and we will therefore act in accordance as much as possible.

## THE DESIGN AND CONSTRUCTION OF NEW SHIPS

- 1.1 When constructing new ships, CSL shall ensure that each ship is constructed in a manner which minimizes or excludes the use of hazardous materials, such as PCBs, ozone-depleting substances, asbestos and organotin compounds.
- 1.2 CSL shall ensure that a ship specific Inventory of Hazardous Materials (IHM) and an International Certificate on IHM is issued by a relevant Administration.

## OPERATING LIFE OF SHIPS

- 2.1 Efforts shall be made to reduce hazardous substances and waste generation on board each ship.
- 2.2 Whenever repairs or maintenance are carried out (whether as part of dry-dock repairs, winter work or otherwise) on equipment which involves the removal of hazardous substances, such substances shall be removed in a controlled manner and, if practical, replaced by non-hazardous material.
- 2.3 CSL shall produce and maintain a ship specific IHM for each existing ship in its fleet. This IHM shall be a comprehensive inventory which includes drawings showing the location of any potentially hazardous materials known to be utilized in the construction of the ship and its equipment and systems, the quantities of such materials, as well as a photo log description. An International Certificate on IHM shall be issued by a relevant Administration.

## **PREPARATION OF SHIPS PRIOR TO SALE**

- 3.1 The IHM shall be reviewed and updated for each ship before it is sold.
- 3.2 Prior to the sale of any ship, the ship shall undergo an inspection by a competent and independent third party who shall certify that the IHM for that ship has been updated.

## **PREPARATION OF SHIPS PRIOR TO RECYCLING**

- 4.1 All ship recycling facilities to be used for ship recycling shall be verified and approved by CSL and shall meet or exceed the following criteria:
  - They comply with the requirements of the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships AND where applicable the European Union regulations such as the Basel Convention.
  - Ship Recycling yards must not use the beaching method and should not be located in India, Bangladesh or Pakistan, unless it is proven that the selected facility meets / exceeds all requirements of the Hong Kong Convention for the Safe and Environmentally Recycling of Ships and has a proven track record of the same;
  - The use of certified dismantling yards which are capable of dealing with hazardous materials onboard (ISO 14001, OHSAS 18001, ISO 30001 or the equivalent); and
  - The use of dismantling yards that have implemented procedures which take into account health and safety considerations of their workforce.
- 4.2 The ship shall be pre-cleaned by CSL as far as practicable prior to recycling and a certificate ready for recycling provided by an independent third-party authority such as a Classification Society.
- 4.3 CSL must ensure that a ship-specific recycling plan is developed by the ship recycling facility prior to any recycling of a ship. The plan must specify the manner in which the ship will be recycled, depending on its particulars and its inventory. This includes:
  - The method and procedures that will be used to dismantle the ship;
  - The available capabilities to manage Hazardous Materials and wastes generated during recycling, including downstream disposal of such wastes; and
  - The description of how the ship facility will recycle the specific ship in a safe and environmentally sound manner, covering the recycling process steps and their sequence over the entire process (e.g. how the hazardous materials will be managed, how safe-for-entry and safe-for-hot-work will be implemented, etc.).

This plan must be approved by CSL prior to the commencement of dismantling.

- 4.4 Any vessels which cannot be responsibly and safely delivered to a yard meeting the above criteria (e.g. Laker vessels sent for overseas recycling) shall be disposed of by CSL locally, in the best available manner, with the terms of this Policy contractually agreed to by the purchaser of the vessel whenever possible.

## **SUPERVISION DURING DEMOLITION AT SHIPYARD**

5.1 CSL shall ensure that adequate supervision is provided at the shipyard to ensure that the ship recycling plan is followed.

## **THE SALE OF SHIPS FOR OTHER PURPOSES**

6.1 Any ship sold to another ship owner for operation or for any other purpose shall be sold with an updated IHM.

### **REPORTING OF BREACHES OF THIS POLICY**

If you become aware of a breach of this Policy, we encourage you to report such breach by submitting a confidential and anonymous report through an EthicsPoint secure webpage, which can be accessed either through CSL's website at [www.cslships.com/whistleblower-process](http://www.cslships.com/whistleblower-process) or directly through the EthicsPoint website at <https://secure.ethicspoint.com/domain/media/en/gui/24655/index.html>. Either way, you will have the choice of filing a report online or by phone through a toll-free hotline. The information in your report will be sent to us by EthicsPoint on a totally confidential and anonymous basis.