Responsible shipping webinar: Q&A summary

The following Q&A summarises questions raised during ASI's *45 Minutes on… Responsible Shipping* webinar [watch the recording], with responses from Laure Baratgin, Head of Commercial Operations at Rio Tinto, and Francesca Fairbairn, Shipping Lead at the Institute for Human Rights and Business (IHRB).

1 What are the key takeaways for companies?

Include shipping in supply chain thinking.

Responsible sourcing and due diligence often focus on the product itself: where it comes from, how it was produced and the conditions under which people worked. Transportation can receive much less attention.

Yet bringing a product to market involves people too — including seafarers, truck drivers, port and dock workers and, further upstream, shipyard workers. Indeed, getting components and products to where they need to be is arguably the most critical element of the supply chain, not least because it happens multiple times in the production of a final item. So shipping is tier one for most companies along the chain.

Ask questions and support initiatives working to improve standards and address risks on board.

If major cargo owners and other value chain actors align behind recognised initiatives and frameworks (such as those mentioned in this Q&A Summary) and a common understanding of good practice, they can create a stronger market expectation for responsible shipping. Critically – ask questions of your shipping supplier. The more they hear that customers are interested in seafarer welfare the more likely they are to address it.

2 What evidence should companies require from logistics suppliers to demonstrate responsible shipping?

The existence of a **collective bargaining agreement (CBA)** is an important indicator of minimum protections being in place for seafarers.

Companies can also use established industry frameworks. The **Delivering on Seafarers' Rights Code of Conduct** identifies eight areas that shipping providers should be looking at to ensure respect for seafarers' rights. The **RightShip Crew Welfare Self-Assessment Tool**, which aligns with the Code of Conduct provides a structured approach for providing evidence of adequate crew welfare practices.

IHRB and the Sustainable Shipping Initiative, among others, are working with many elements of the shipping sector (insurers, investors, brokers, charterers and so on) to develop indicators for responsible shipping and seafarers' rights. (If you wish to get involved in this conversation, or stay informed on progress, please contact Francesca.)

3 What practical leverage does a downstream company have to improve seafarers' working and living conditions?

The degree of leverage depends on its position in the supply chain and role (or lack of role) in chartering maritime transport. A downstream company may have little or no direct relationship with vessel owners or operators, but it can still ask questions and transmit expectations through its suppliers.

Standards such as ASI ask for human rights due diligence to be applied to supply chains, and this includes transportation risks and impacts, not just production. Downstream companies can ask their direct suppliers how shipping is managed and whether recognised industry management standards — such as **DryBMS** and the **Delivering on Seafarers' Rights Code of Conduct** — are being applied.

4 What is being done to make auditing of seafarers' rights and conditions more credible?

Several mechanisms already provide oversight. The International Transport Workers' Federation (ITF) carries out ship inspections, as does RightShip, while classification and inspection systems assess compliance with the Maritime Labour Convention (MLC).

However, these mechanisms do not necessarily provide a complete picture. The MLC establishes minimum requirements, and violations can still occur despite formal systems being in place.

IHRB, the Sustainable Shipping Initiative (SSI) and the Rafto Foundation are therefore working to develop stronger verifiable indicators for seafarers' rights and welfare in collaboration with ship operators, charterers, trade associations, investors, brokers and insurers. The objective is to improve the ability to assess not only whether policies and systems exist, but whether they are being implemented effectively.

Charterers can complement formal auditing and vessel vetting through longer-term programmes with shipping partners. Rio Tinto's **Designated Owners and Operators (DOO) programme**, for example, supports incident sharing, learning from best practice, calls to action and crew seminars, alongside tracking continual improvement in the use of recognised frameworks such as DryBMS and the Seafarers' Rights Code of Conduct.

5 How much confidence can lenders have that maritime frameworks are being implemented effectively?

The existence of a framework or policy should not in itself be taken as evidence of effective implementation. Lenders and other financial institutions need to **ask for**

evidence and incorporate seafarer welfare and human rights considerations into their due diligence.

IHRB and SSI are engaging with banks, pension funds and related initiatives to help investors to ask the right questions.

RightShip can provide another source of information for lenders and financial institutions by bringing together performance information on ship owners, managers and individual vessels. Its due diligence services can also incorporate additional requirements, including sanctions-related considerations.

6 Which companies have the most leverage from a supply chain due diligence perspective?

First-tier charterers have particularly significant leverage, because they have direct commercial relationships with ship owners and operators.

Although dry bulk shipping is fragmented, the ten largest charterers account for approximately 30% of the segment. Their purchasing power therefore gives them considerable potential to influence expectations and practices.

However, responsible shipping cannot be driven by charterers alone, or the cost borne by shipping companies alone. Everyone in the value chain has a role to play.

Export credit agencies and other financing institutions can exercise significant influence by examining the wider human rights risks associated with the vessels and maritime infrastructure they finance, including risks within shipbuilding supply chains.

7 What comes next for work on responsible shipping?

For IHRB, priorities include developing **vessel-level indicators and credible approaches to verification**, alongside renewed work through its Responsible Shipping Dialogue. Recruitment fees have been a major area of focus over the past two years, including through the Action Group on Seafarer Recruitment Fees.

For Rio Tinto, an important mechanism is the continued development of its **Designated Owners and Operators programme**.

The programme began in 2023 with five shipping partners and has since grown to 30, representing close to half of Rio Tinto's chartered volumes. It is based on longer-term relationships with owners and operators that enable more open discussion of safety and operational challenges and support continual improvement.

Vetting, inspections and regulation remain essential, but they provide a view of performance at a particular point in time. Safe operations are built every day through leadership, working practices, a culture in which crews can speak up, and the ability to learn from incidents and near misses.

Through the DOO programme, Rio Tinto works with owners and operators on priorities including preventing fatalities and serious injuries, improving crew welfare and supporting mental health. Importantly, the intention is not to establish another proprietary Rio Tinto standard. The programme instead builds on recognised industry frameworks, including DryBMS and established crew-welfare standards.

Greater alignment can help avoid adding unnecessary layers of requirements for owners, managers and crews while encouraging continual improvement against a common definition of good practice.