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# ESG – Charting the Course to a Sustainable Future

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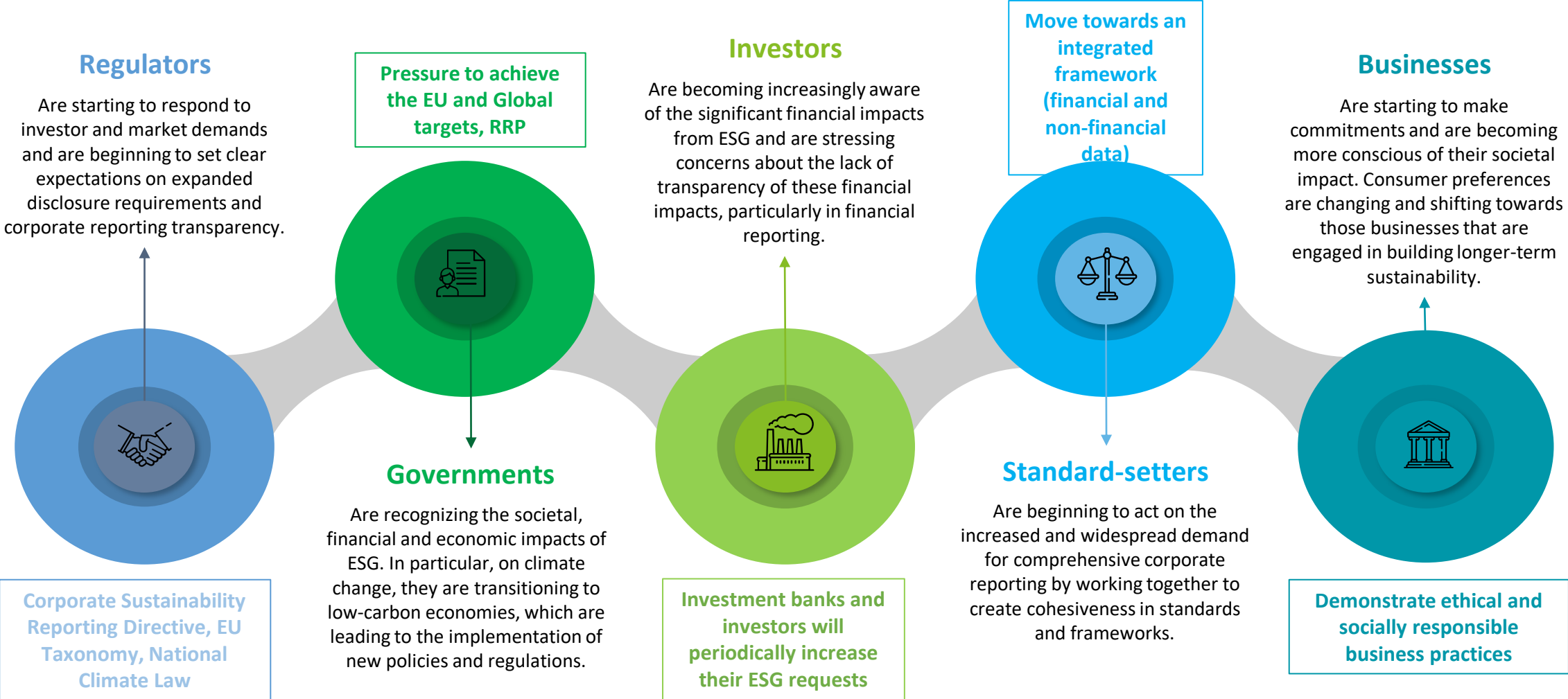
# Driving Forces for Change in the Sustainability Era

## Shipping Sector Sustainability Landscape



# Introduction | Driving forces for change

Investors, regulators, government and consumers are increasingly focused on the health of our planet and society. Some business leaders are also amongst the leading advocates for change.



# Sustainability & ESG Landscape | Regulations, Frameworks and Standards Overview

From a financial materiality perspective...

...to a “double materiality” approach.

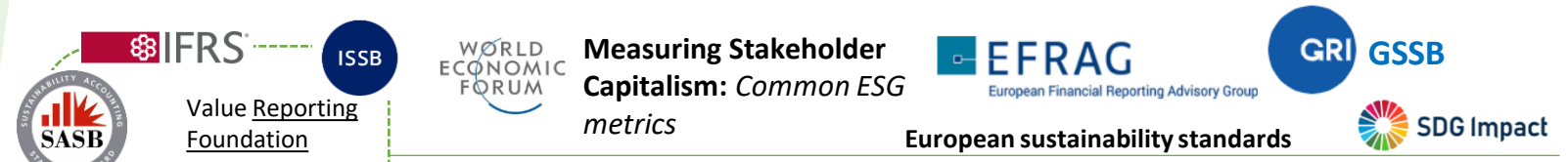
**Global Sustainability Frameworks**  
(definition, principles, goals,..)



**Regional/National Regulations**  
(disclosure obligations)



**ESG/Sustainability reporting standards**  
(reporting principles & metrics)



**Climate reporting Standards**  
(reporting principles & metrics)



**Integrated Reporting Initiatives**  
(incl. multi-capitals models)



# ESG Opportunities for the shipping sector | Sustainable Shipping benefits

## E – Environment

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- **Emissions Reduction**

Utilize eco-friendly technologies, incorporate alternative fuels (like LNG, hydrogen, and biofuels), and implement advanced AI for optimizing ship routing and logistics to **reduce the carbon footprint**.

- **Energy Efficiency**

Implement advanced control systems, effective anti-fouling paints and the utilization of electronic speed control systems to **enhance energy efficiency**.

- **Pollution Prevention**

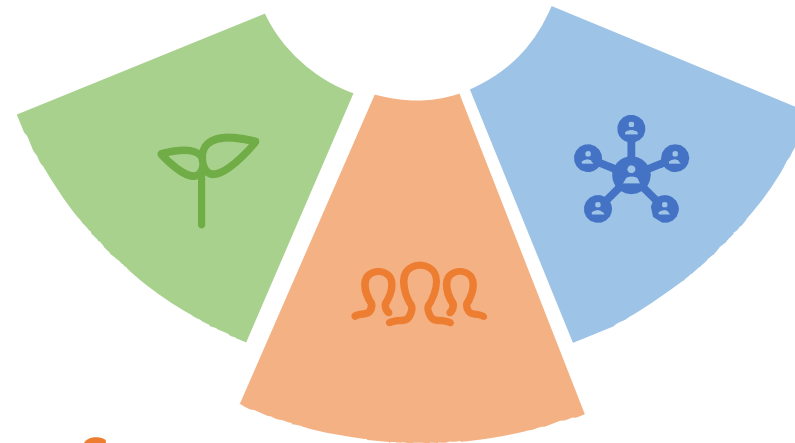
Adopt low-sulfur fuels to **mitigate air pollution** and use ballast water management systems to **prevent water pollution** [Link to the NFRD & biodiversity improvement]

- **Alternative Fuels**

**Low- and zero-emission fuels** are a current area of focus since they are essential to achieving large emission reductions in the maritime sector, where only energy-dense products, such as biogas, hydrogen and ammonia can deliver the power a ship requires.

- **Technological Innovation**

The investment of shipping companies' resources in **developing technological solutions** to avoid and reduce emissions can provide a competitive advantage.



## S – Society

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- **Human Rights**

Establish comprehensive policies and procedures regarding the respect of human and labor rights by conducting internal processes (such as trainings and assessments) to **prevent discrimination and promote inclusion** [roll out in society]

- **Health and Safety**

Set internal procedures and policies for safe working conditions, as well as the execution of risk assessments and health and safety trainings to **reduce the risk of accidents and injuries**.

- **Cyber Security**

A shift towards more automation is expected, resulting in increased risks of **cyber security**, and the need for technological knowledge.

## G – Governance

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- **Financial Stability – Green Financing & Incentives**

Mitigate risks, reduce operational costs (through low carbon pricing, reduced insurance fees), maximize shareholder profits through **green bond issuance**, **access funding** and **attract investments**.

- **Stakeholder Engagement**

Strengthen the relationships with stakeholders, such as investors, customers and employees, leading to **increased trust, loyalty and long-term partnerships**.

- **Competitive Advantage**

Gain a competitive advantage by **attracting new customers and investors** and **strengthening their reputation** in the industry.

- **Regulatory Compliance**

**Avoid penalties and fines** by complying with the legal requirements, such as the EU Emission Trading Scheme, IMO Energy Efficiency Existing Ship Index (EEXI), Carbon Intensity Indicator (CII) ratings, and CSRD-mandated ESG disclosures.

- **Enhanced Risk Management**

**Integrate** sustainability risk factors into existing Risk Management Frameworks and optimize strategy.



A photograph of a green roof with solar panels in the foreground and a city skyline in the background. The solar panels are blue and arranged in rows. The background shows several tall buildings under a clear sky, with lush green trees in the mid-ground.

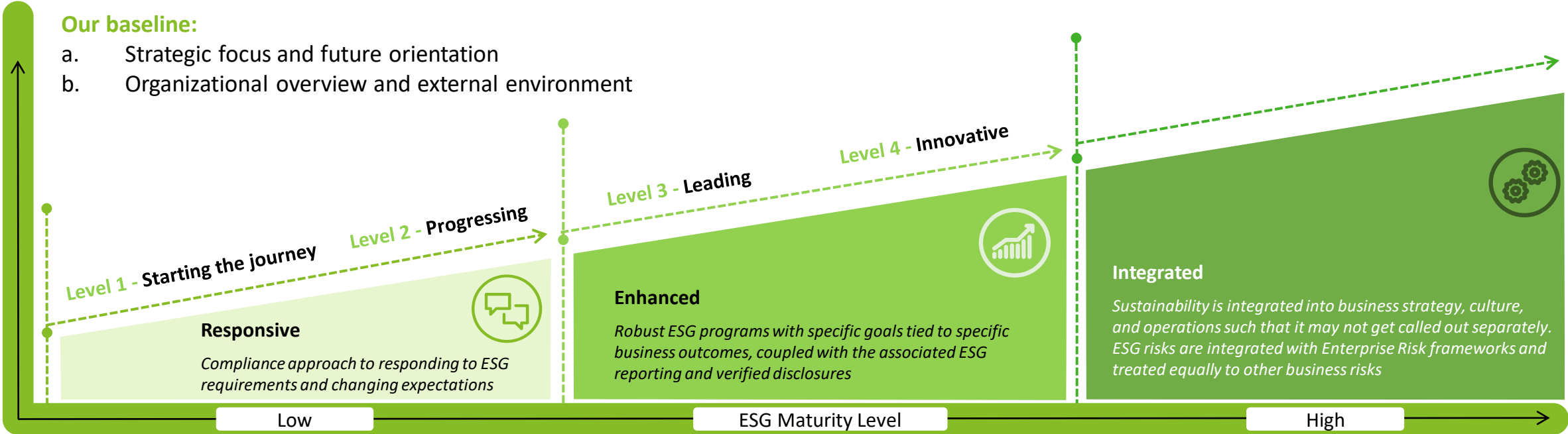
# Sustainability-related performance of the market

High-level benchmarking overview



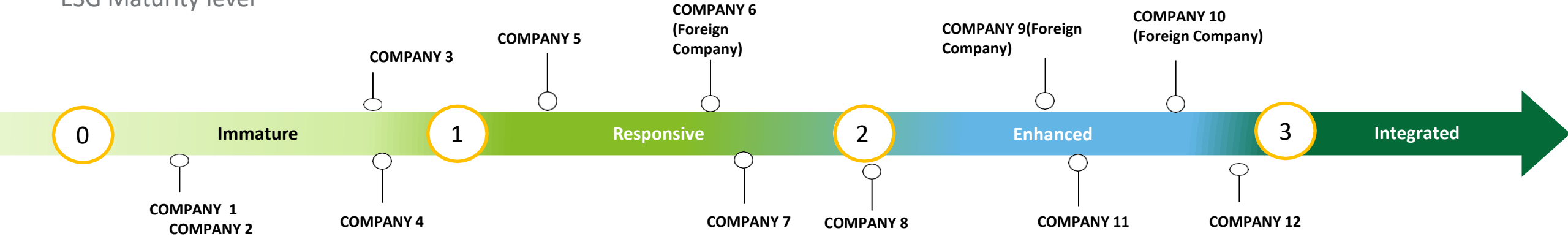
# Industry benchmarking analysis

Deloitte's ESG Maturity Model



# Key Points | Benchmarking Snapshot *(Key points)*

ESG Maturity level



ESG Maturity Level	Immature	Responsive	Enhanced	Integrated
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Strategy For Managing ESG Impacts
ESG Governance
ESG Materiality Assessment
ESG Targets & KPIs
ESG Report

- Companies scored very low on strategy and governance (i.e. absence of developing a sustainability strategy and having set a sustainability team and/or sustainability committee)
- Most of the companies did not have a sustainability operating model in place and integrated sustainability strategy
- Very few companies had completed materiality analysis - non of the companies had completed double materiality analysis (requirement for the CSRD)
- All companies had a sustainability report in place, but most were based only on the SASB standard (financial standard for shipping sector) not covering the new requirements of the new sustainability legislative framework
- The maturity level in the shipping sector is being differentiated based on the location of operation and the business model
- The shipping sector has started the sustainability journey to incorporate sustainability practices in day to day operation though CO2 emissions are still at high levels and remains the major challenge
- The shipping sector is focusing on transforming the business model to a more sustainable one, through zero emission fleet and redefined transportation options



# Key Points | Benchmarking Snapshot (Key Points)

## Sustainable Finance Insights

- ❖ 30% companies disclosed **eligibility & alignment** on turnover, capex, and opex. High eligibility was observed, but alignment was near zero for turnover with **only a slight portion of investments** and operational expenses **aligned** to the EU Taxonomy
- ❖ Most companies in the sector are not mandated to report due to non-listings on European exchanges. However, **voluntarily reporting** supports **green investment decisions** and offers a **clearer view to stakeholders**

EU Taxonomy

- ❖ Shipping companies have been slowing entering the **green bond** market
- ❖ Only 1 from the international companies used sustainability linked loans and green bonds to achieve their ambitious goals on **clean transportation**

Sustainability linked loans & Green bonds

## Green Rising Technologies

- ✓ **Transition to Green Fuels:** Prioritizing biodiesel, green methanol (both bio and e-methanol), and green ammonia as viable sustainable fuel options for decarbonization.
- ✓ **Energy Efficiency Technologies:** Incorporating propeller ducts and advanced anti-fouling paints to optimize vessel energy efficiency.
- ✓ **Innovative Onboard Solutions:** Assessing the feasibility of integrating onboard carbon capture technologies and pioneering advanced wash-water filtration systems to combat micro-plastic pollution in port waters.
- ✓ **Ship Recycling :** Reviewing the use of facilities with a Statement of Compliance, verified by an International Association of Classification Societies (IACS) member, ensuring environmentally-responsible and safe decommissioning of vessels.

## ESG Ratings



**60%** of the companies of the companies disclosed their environmental performance through CDP

**30%** of the companies were rated through Ecovadis and Sea Cargo Charter, to demonstrate their sustainable practices and climate alignment





# Sustainability frameworks landscape

Latest updates in sustainability frameworks

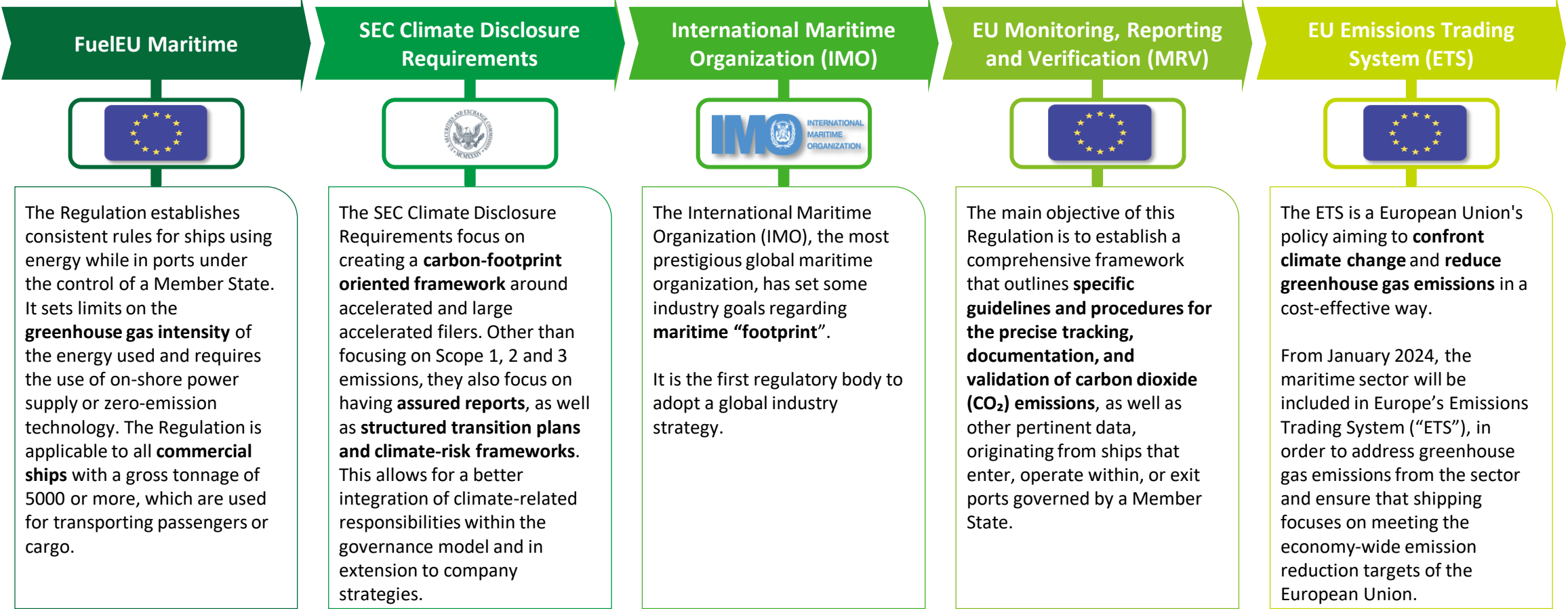


# Sustainability & ESG Landscape



Ongoing		<b>TCFD Recommendations   Voluntary disclosures</b> <ul style="list-style-type: none"> <li>Climate-related risks and opportunities</li> <li>Governance, strategy, risk management, metrics &amp; targets</li> </ul>
Ongoing		<b>ATHEX ESG Reporting Guide   Listed companies</b> <ul style="list-style-type: none"> <li>Communication of ESG information to investors</li> <li>Improvement of the ESG performance</li> </ul>
2021		<b>EU Climate Law   Future-oriented goals</b> <ul style="list-style-type: none"> <li>New long-term European goals</li> <li>Duties for directors</li> </ul>
2022		<b>National Climate Law   National targets</b> <ul style="list-style-type: none"> <li>Reporting on carbon emissions</li> <li>Industry-specific carbon emission budgets</li> </ul>
2022		<b>EU Taxonomy for Sustainable Activities   A novel classification system</b> <ul style="list-style-type: none"> <li>Which economic activities are green? 6 pillars of environmental relevance</li> <li>New reporting requirements</li> </ul>
2024		<b>CSRD   Reporting on non-financial information</b> <ul style="list-style-type: none"> <li>New reporting requirements</li> <li>Digital tagging and assurance</li> </ul>
2025		<b>SEC   Climate-related disclosures</b> <ul style="list-style-type: none"> <li>New reporting requirements</li> <li>The proposed disclosures are broadly similar to the TCFD and GHG protocol</li> </ul>

# Shipping Regulation Linked with the Sustainability Journey







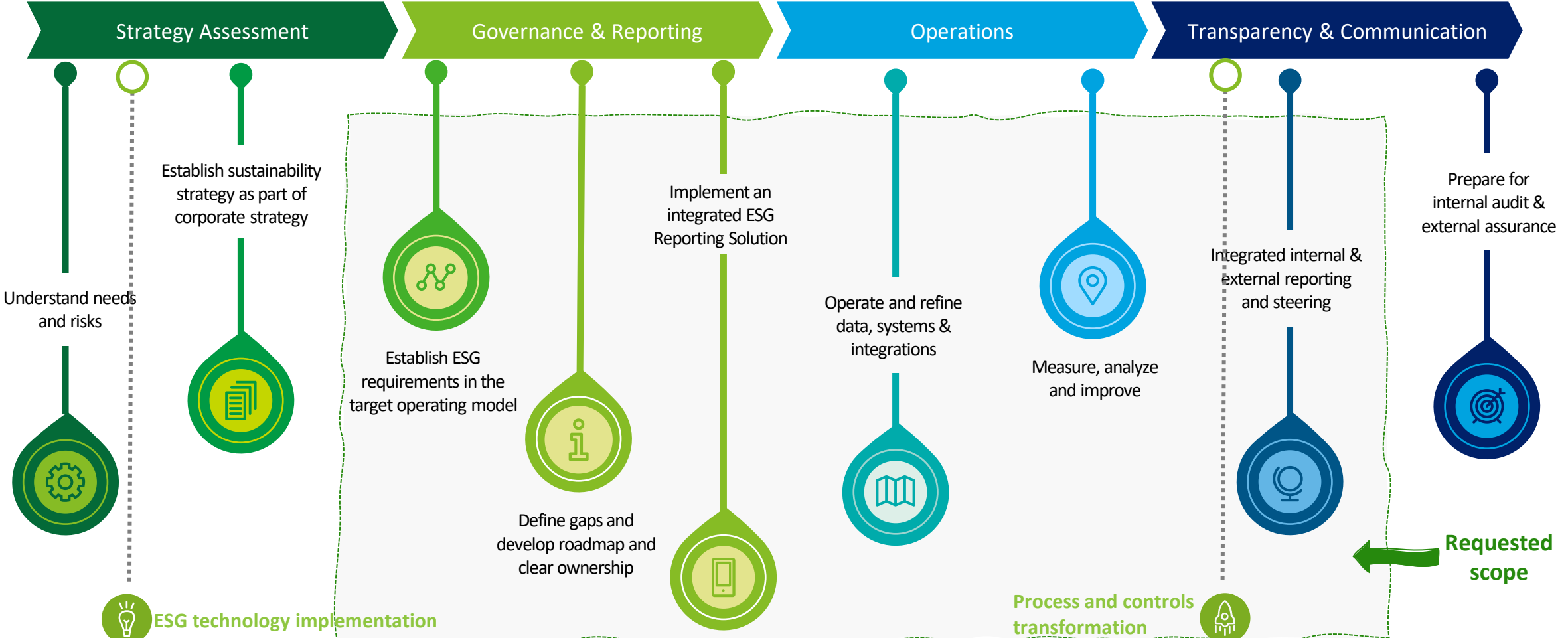
# Shipping Sustainability Journey

Where to start from?



# Transition towards integrated and relevant ESG reporting is more than a transformation journey | Holistic Approach

A holistic sustainability approach from strategic to operation level is required. ESG data management is key priority of this journey affecting operations and reporting pillars.





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## Q&A Session

# Thank you







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