

Sustainability: navigating emerging legislation and best practices

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Recap from yesterday

- Allianz review –
 - 2,951 incidents, 205 reported fire incidents ,
 - IMO GHG Strategy – decarbonisation by 2050 = \$1.9 tm , Alternative fuels could pose high risk scenarios to insurers
 - ETS – impact on non-transport vessels and operators

....BUT – ESG is not only emissions....

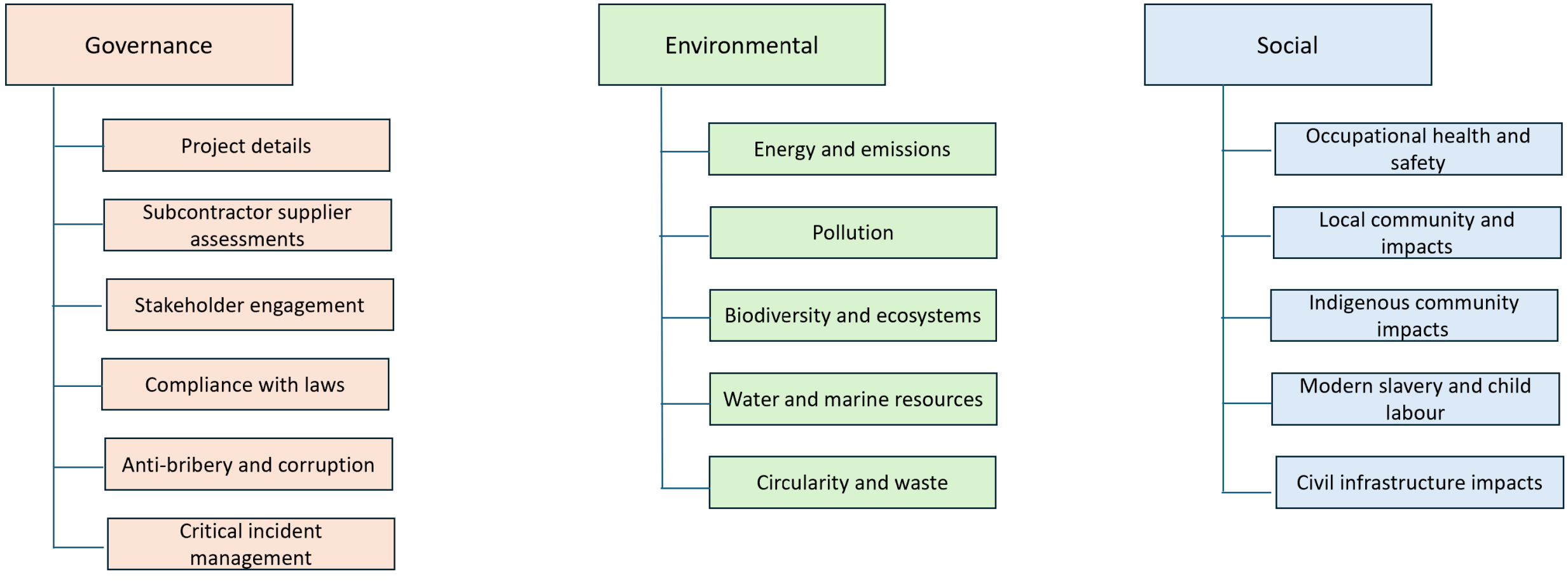
- Containership fires – PoR and waste,
- Increasing pressure on States and from media
- Safety to workers and public, regulatory complexity

2023 review

From January 1, 2023 to December 31, 2023. Vessels over 100GT only

Top 10 regions	Loss	Annual change
British Isles, N.Sea, Eng. Channel and Bay of Biscay	695	+17
East Mediterranean and Black Sea	635	+53
S.China, Indochina, Indonesia and Philippines	239	-4
Great Lakes	155	-32
North American West Coast	146	-3
Baltic	142	+24
Iceland and Northern Norway	127	-11
West Mediterranean	127	-64
Japan, Korea and North China	97	+9
Newfoundland	90	-17
Other	498	
Total	2,951	-85

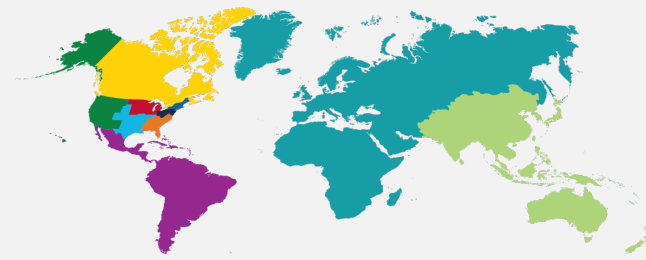
What makes up ESG in maritime incidents ?



What underpins the sustainability transition?



High-level commitments and frameworks



Day-to-day operations:
Environmental
management legislation



Corporate reporting:
obligations and voluntary



Corporate reporting regulations



Corporate reporting regulations



General sustainability standards

ESRS 1 – General Requirements
ESRS 2 – General Disclosures



Environmental standards

ESRS E1 – Climate change
ESRS E2 – Pollution
ESRS E3 – Water and marine resources
ESRS E4 – Biodiversity and ecosystems (voluntary)
ESRS E5 – Resource use and circular economy



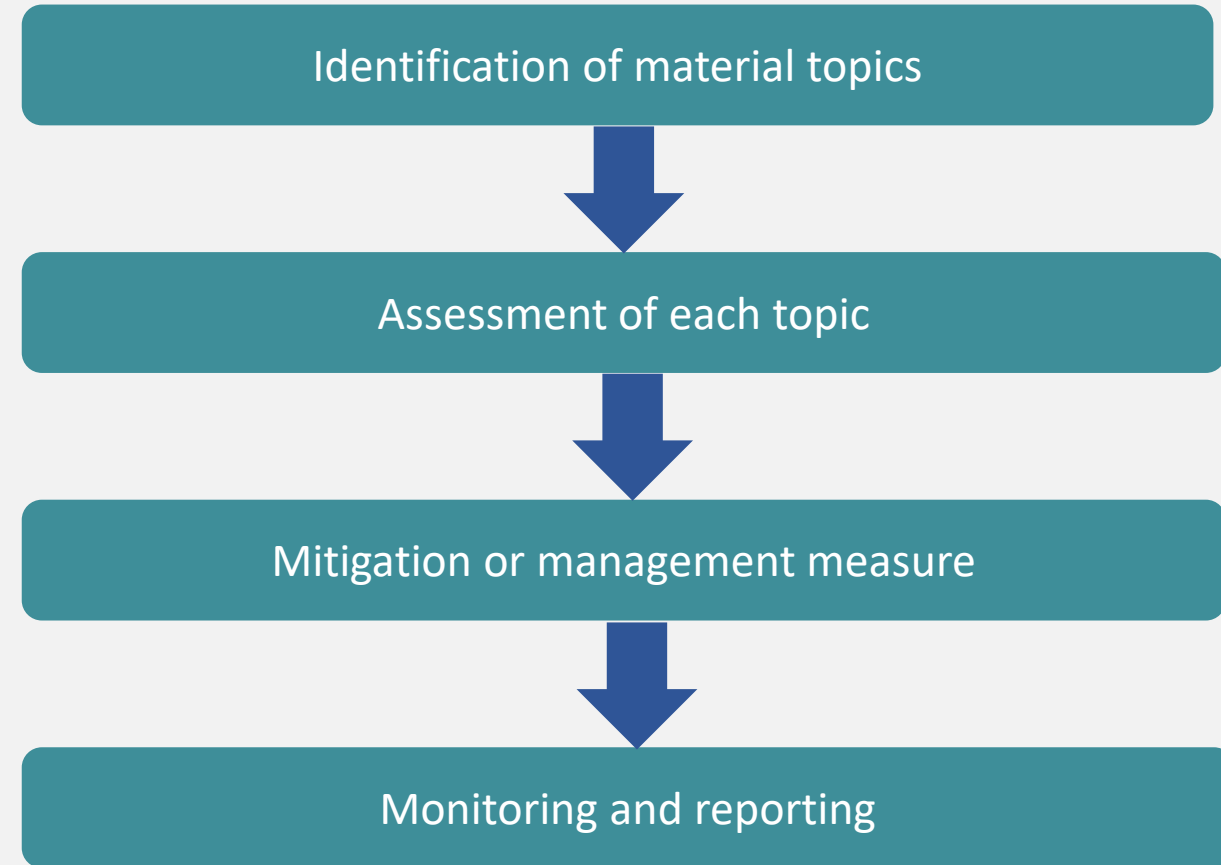
Social standards


ESRS S1 – Own Workforce
ESRS S2 – Works in the value chain
ESRS S3 – Affected communities
ESRS S4 – Consumers and end-users



Governance standard

ESRS G1 – Business Conduct



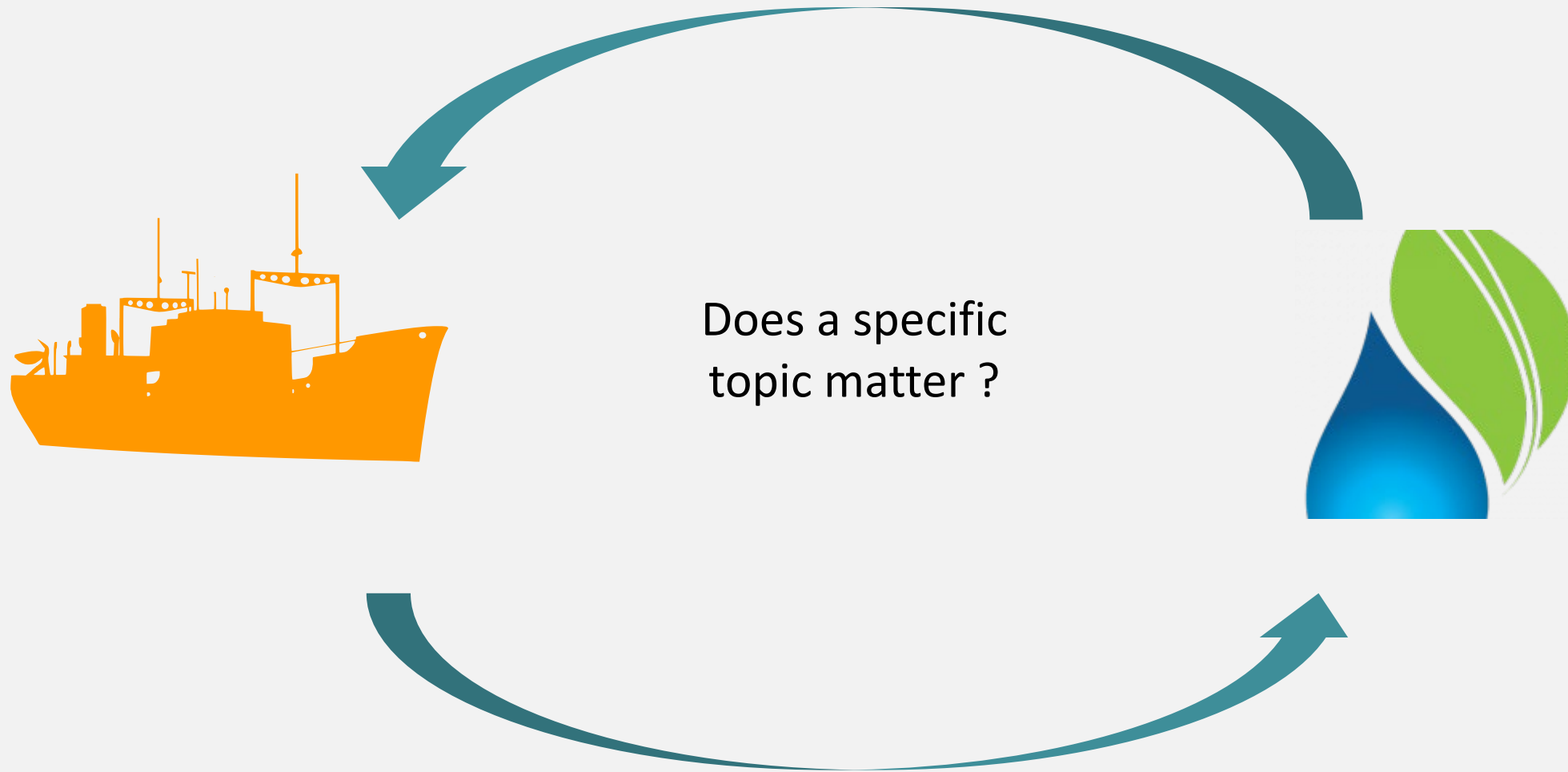
*Sector-specific standards
coming in 2026 or 2027  **MARITTIMA**

Corporate reporting - ESG topics

1	Disclosure Requirement ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities
2	Disclosure Requirement E2-1	Policies related to pollution
3	Disclosure Requirement E2-2	Actions and resources related to pollution
4	Disclosure Requirement E2-3	Targets related to pollution
5	Disclosure Requirement E2-4	Pollution of air, water and soil
6	Disclosure Requirement E2-5	Substances of concern and substances of very high concern
7	Disclosure Requirement E2-6	Potential financial effects from pollution-related impacts, risks and opportunities

Corporate reporting regulations – double materiality

The environment and society's impact on the business, product or project



Impact on environment and people

Environmental management legislation

Corporate



EU

International / Regional

IMO

Operational

Waste Framework Directive
Habitats Directive
Environmental Crimes Directive
Environmental Liability Directive
Water Framework Directive
Greenwashing Regulations

Basel Convention
Stockholm Convention
Bamako Convention
ILO /OECD
Convention on Biological Diversity

OPRC
LLMC
Bunkers Convention
CLC and Fund Convention
Nairobi Convention

Ship Recycling Regulations
ETS

London Convention
Hong Kong Convention
MARPOL
Port of Refuge Guidelines

Challenges – the nature of incidents

Hazard parameters well-defined

Permitting requirements for measuring and mitigating environmental and social impacts well-defined

Infrastructure in place to deal with **chronic, long-term nature** of activities

Regulations in place to manage and reduce impacts of industrial activities over the long term

Planned activities

Unplanned incidents (once emergency phase has ended)

Response and wreck removal and associated activities **one-off, acute occurrence**.

Net environmental benefit of accepted approaches for planned, long term activities may not be best in some cases.

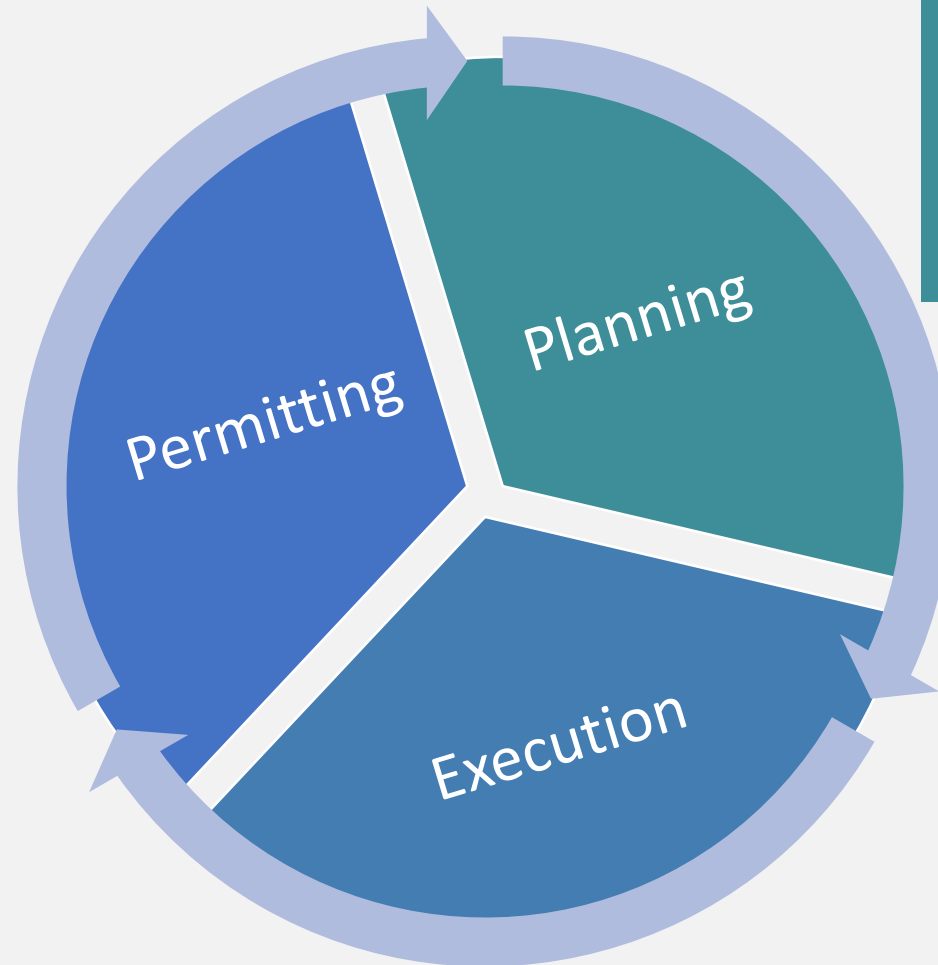
Hazard parameters not well-defined.

Comparison with planned projects

Standard processes for marine engineering projects



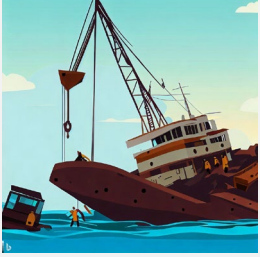
- Environmental and socioeconomic screening
- Identification of valued components
- potential risks, hazards and opportunities
- Identification of mitigation needs



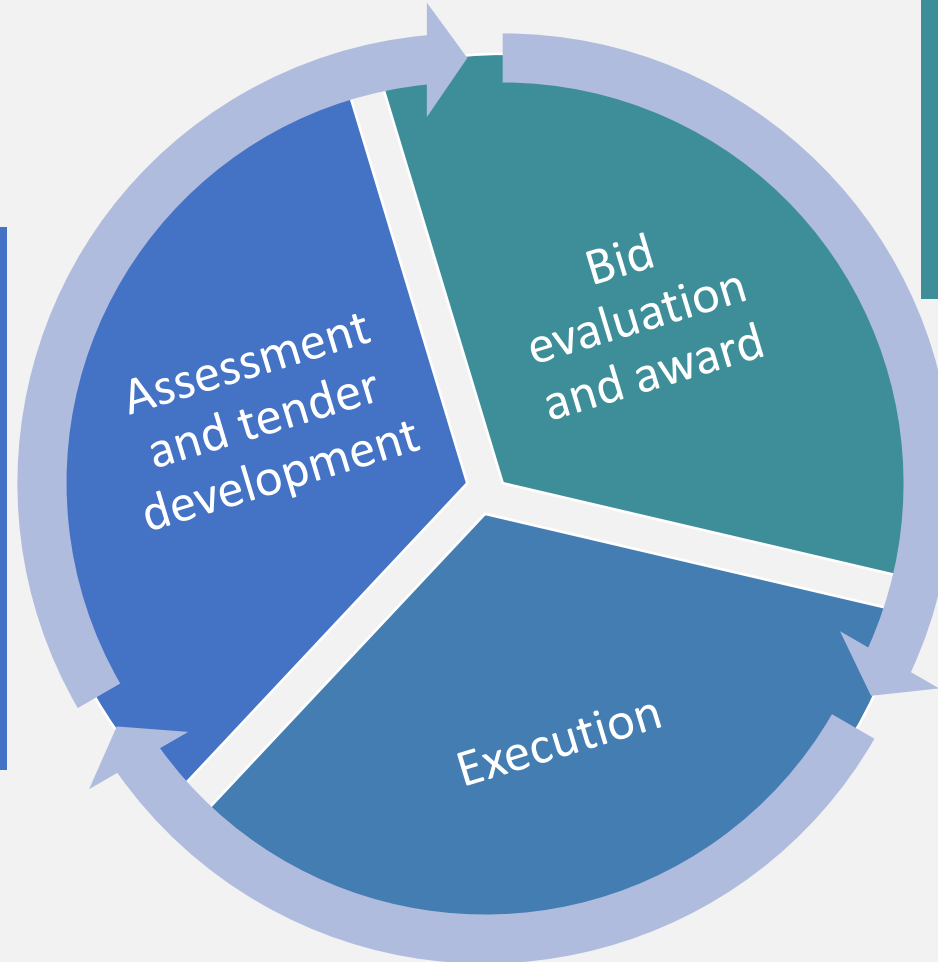
- Design of mitigation and compensation measures where appropriate
- Consultation
- Integration of mitigation measures with engineering
- Life-cycle inventory

- Monitoring and evaluation throughout
- Adapt where necessary
- Standardised data for future projects and sustainability reporting

Comparison with planned projects



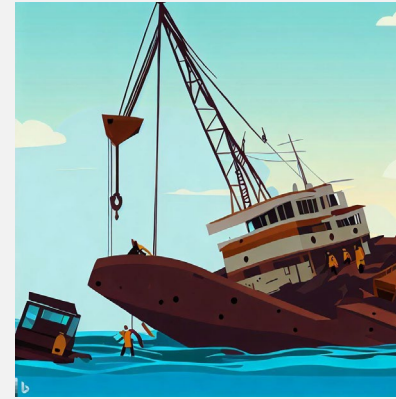
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Challenges and opportunities – scenarios



Fires and waste generated by fire / firefighting

Physical damage to habitats

Negative or positive impacts associated with wreck removal options and whether you need to remove a wreck at all

Damage to civil infrastructure

Opportunities

Bidding



Assessment and context

Identify relevant environmental, social and governance risks for each topic.
Assess how they may affect or be affected by the project and proposed wreck removal method and how these risks will be managed and measured during project
High-level consideration of potential cost and time implications of main risks

Planning and mobilisation



Strategic planning

Complete risk assessments where necessary
Develop policies, action plans and management or mitigation measures that are relevant to the identified risks
Mobilise relevant resources
Embed measurement and recording of data into general project plan

Operations



Management and mitigation

Implement management and mitigation measures
Continue to identify emerging risks and opportunities as project progresses and respond accordingly
Measure and record performance

Completion and demobilisation



Reporting

Analysis and consolidation of data
Report writing and submission

Thoughts and recommendations

To better plan for the future, disclosure of costs associated with incidents from start to end by comparable ESG topics /categories - Data based decision-making shared across insurers?

Different companies subject to different regulations. Reporting on response may contribute to obligations of multiple stakeholders.

A more systematic approach to environmental and social risk assessment when an incident happens may result in better decision-making and reduce costs (e.g. interaction of IMO legislation with general environmental management legislation)

Better liaison with Secretariats of initiatives that affect incident management (e.g. Basel Convention)

Is there a need to formalise and collectivise how we approach incident response and management from the ESG perspective?

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