

# Assessing, Measuring and Quantifying the Environmental, Social and Governance (ESG) Factors in Shipping



In the last couple of years, there has been an increasing pressure from financial institutions to link financing with the Environmental, Social and Governance performance (ESG factors) of their potential portfolio companies. Gradually, the ESG factors have become the “drivers” for defining an investment as sustainable, or in other words, an investment is considered sustainable if it has an economic activity that contributes to an environmental objective, if it has positive social impact and follows good governance practices.

“The recent sustainability related laws and standards aim to improve shipping industry’s Environmental, Social and Governance (ESG) performance and are expected to drive the lending strategies of financial institutions in the near future. Additionally, it is expected that shipping companies’ stakeholders, including charterers, investors and employees will step up pressure for them to demonstrate their ESG credentials. To this end, shipping companies wishing to facilitate their access to financing are challenged to develop ESG business strategies and to closely monitor and accurately report their ESG performance.”

**Kostas Perris**  
Partner, Governance, Risk & Compliance Leader

## The ESG transition in shipping supports sustainable growth



The IMO 2050 strategy aims to reduce GHG emissions by 50% compared to 2008 levels.



European Union

Sustainable Finance regulation is part of the EU green deal and aims to link the ESG performance of Companies with their access to financing.



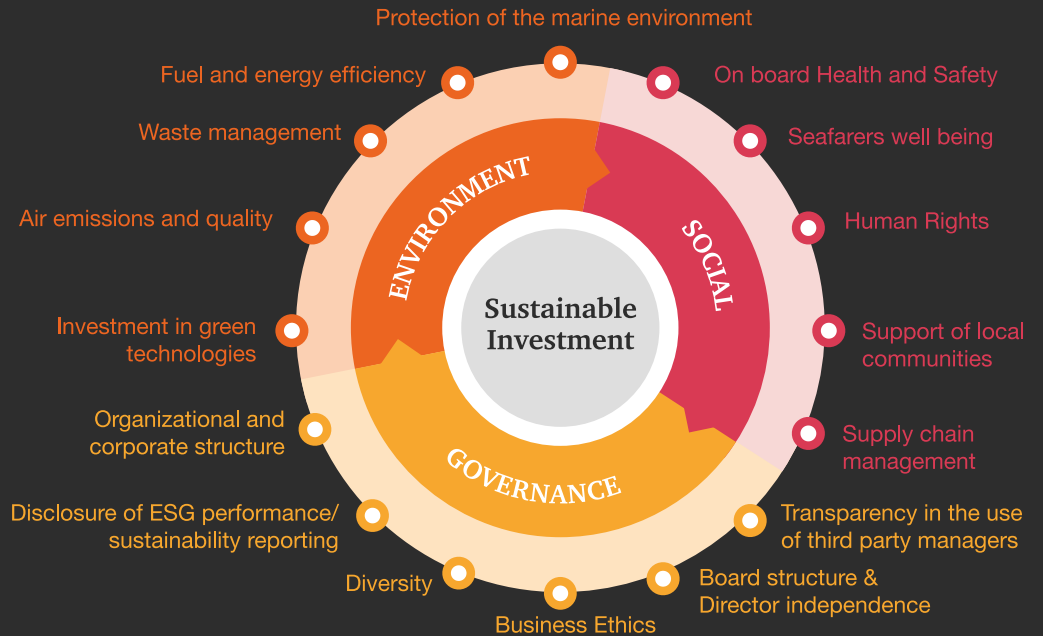
Lending principles of 18+ financial institutions that will monitor the carbon emissions of the shipping loan portfolios.

**\$1trn**  
to support  
transition

in land-based and ship-related infrastructure will be required to halve international shipping greenhouse gas emissions reduction by 2050 compared to 2008 levels

Access to financing requires a transition from mainstream investment to sustainable investment

# Maritime specific ESG factors that define sustainable investments



## PwC insights on ESG considerations

### Focus on the “S” and “G” element of your activities

Highlight strong ESG performance, not directly linked to environment:

- **Health and Safety** on board
- **Crew welfare**
- **Fleet utilization**
- **Community investments**
- **Risk Management** and **Internal controls**
- **Ethics** and anti-bribery

### Commit to targets

- Identify **environmental or other thresholds** which can be improved.
- Set **specific actions** in order to improve ESG performance.
- Commit to **Short or Medium terms targets**.
- **Disclose** those targets to potential investors and report on the progress.

### Increase transparency

- **Establish mechanisms** to monitor ESG performance.
- Ensure **accuracy and data integrity** of the relevant metrics/KPIs
- Disclose actual performance through **ESG or sustainability reports**.
- **Assure** the respective reports in order to enhance investors confidence.

### Avoid green washing

- Avoid using **unsubstantiated or misleading terms** such as “green”, “sustainable” in your reports or website.
- Ensure you can **support and justify with relevant data** the environmentally friendly practices that you claim to follow.

## How PwC can help you on the path to sustainable financing?



### Reporting

We assist our clients prepare impactful ESG/sustainability reports in accordance with international frameworks and standards.



### ESG readiness

We assist companies to assess their alignment with ESG criteria in line with the Poseidon principles and Sustainable Finance regulations.



### Compliance

We help clients to ensure compliance with applicable laws, regulations and standards, including EU MRV, IMO DCS, UNEP FI, EU Non Financial Reporting, CDP and TCFD.



### Assurance / Verification

We provide assurance and verification services on sustainability KPIs and disclosures or EU MRV reports.



### Sustainability strategy

We assist our clients to design and implement their ESG/sustainability strategy, including vision, strategic targets and implementation action plans.



### ESG Performance Monitoring

We have developed a maritime specific ESG Business Intelligence platform that helps our clients timely monitor, improve and create digitalized reports of their ESG performance.

### For further information please contact:

**Socrates Leptos-Bourgi** | Partner - Global Shipping & Ports Leader  
Tel: +30 210 6874630 | Mail: socrates.leptos-.bourgi@pwc.com

**Kostas Perris** | Partner - Governance, Risk & Compliance Leader  
Tel: +30 210 6874002 | Mail: kostas.perris@pwc.com

**Santos Equitz** | Shipping Industry Leader  
Tel: +30 210 6874574 | Mail: santos.equitz@pwc.com

**Dimitris Sakipis** | Head of ESG and Maritime Sustainability Centre  
Tel: +30 210 6874065 | Mail: dimitrios.sakipis@pwc.com



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Greece, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.  
© 2020 PricewaterhouseCoopers Greece. All rights reserved. PwC refers to the Greece member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.