Norges Rederiforbund
Norwegian Shipowners' Association

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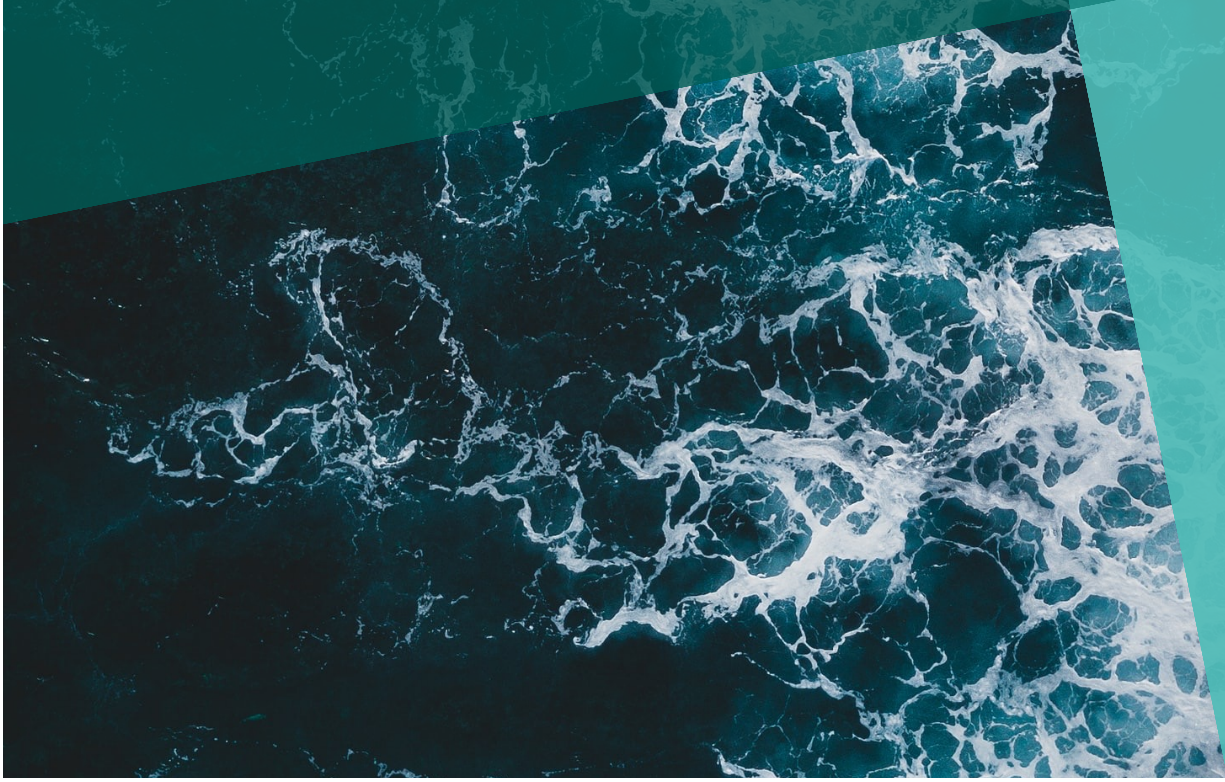
GUIDELINES

ESG reporting in the shipping and offshore industries



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ABOUT THE GUIDELINES

These guidelines have been commissioned by The Norwegian Shipowners' Association (NSA) and developed by The Governance Group AS in collaboration with the NSA and a reference group consisting of several member companies. Comments have also been provided by individual shipping companies, banks and by steering committees members within the NSA.

These guidelines were first issued in February 2020 and was updated in November 2021. The guidelines will be updated by the NSA on a regular basis to ensure that relevant changes in expectations, standards and requirements are properly reflected.

PREFACE

Since launching the *Guidelines for ESG reporting in the shipping and offshore industries* in the beginning of 2020, environmental, social and governance (ESG) issues have become even more important aspects of how companies are run.

By Harald Solberg CEO, the Norwegian Shipowners' Association

Throughout their life cycles, ships pose a variety of ESG risks: Starting at a yard in the construction phase, continuing throughout the trading life in the world's ports, oceans and coast lines, and finally the recycling operation at the end of the vessel's lifecycle. Protecting the marine environment, limiting climate change, ensuring crew welfare and wellbeing, complying with health and safety standards, and applying corporate governance controls, are examples of ESG factors supporting the long-term sustainable development of our industry.

Shipping companies are increasingly required to comply with multiple and changing ESG related standards and regulations. As a result, we have updated our ESG reporting guidelines to assist our members in applying relevant principles when communicating ESG practices and performance. Our guidelines are based on leading ESG frameworks.

Our view is that sustainability matters independently of how it is reported. ESG management and reporting are natural parts of how a company should be run responsibly. By updating these guidelines, we believe it will be easier for our members to ensure that ESG reports include the most relevant disclosures in a consistent way across the shipping and offshore industries.

The regulatory requirements for corporate ESG information are changing. The EU, the US Securities and Exchange Commission (SEC), stock exchanges, and regulators in other countries are increasingly demanding companies to disclose information on how ESG issues are managed. However, many of these regulations are under development, and while we want all our members to be prepared to meet new requirements, we emphasize that ESG disclosures should first and foremost respond to current regulatory requirements and expectations from stakeholders, including financial markets.

Global warming is a problem the world must solve in unison. New regulations should be developed through the International Maritime Organization (IMO), to ensure global support and enforcement. The Norwegian Shipowners' Association has adopted ambitious targets to combat climate change, and our members will cut greenhouse gas emissions by 50 percent per unit by 2030 compared to 2008. Reducing emissions begins with raising awareness, and to create awareness, we need to both measure and analyse energy consumption and emissions. We also encourage transparency about measures taken and their effects. This will help our environmentally conscious customers to make more informed choices.

Even if climate change has received the most attention lately, other environmental, social and governance factors must also be measured and monitored. Managing these factors at company level is key to the sustainability of our industry. It is important to underline that ESG performance ought to be an integrated part of reporting and management processes. Publicly reported ESG targets are more likely to materialize; what gets measured gets done.

We trust these guidelines will be a helpful tool in structuring your company's ESG reporting so that the disclosures become useful for both internal and external stakeholders.

1 INTRODUCTION

Successful companies create profits today and in ten years' time, without undue negative impacts on the society or the environment. How should reporting reflect this?

ESG factors impact the performance and risk profiles of companies. An overview of current regulatory requirements for ESG reporting are provided below, and since new rules are currently under development, these are also described briefly. ESG reporting should meet the information needs from customers, financial partners, employees and society in general, and also provide the company management and board with an overview of current ESG performance.

It is important to note that while formal ESG reporting requirements are becoming more concrete, influential customers such as Ikea, Amazon and Unilever have committed to convert their entire ocean freight to zero-emission fuels by 2040.[1] This underlines that ESG ambitions and reporting calls for a dynamic approach. Discussions are also focusing on the legal responsibility of boards, accountants and auditors to provide correct ESG information.

1.1 LEGAL REQUIREMENTS

The Norwegian Accounting Act §3.3.c requires all "large companies" – primarily stock listed companies and financial institutions – to report on their sustainability practices. This includes descriptions of policies, practices and results related to human rights, working conditions, anti-corruption and the environment. The Transparency Act[2] has further requirements for the level of detail reported on human rights and working conditions, and the Act will enter into force on July 1 2022. The Transparency Act tightens the legal obligations for companies to comply with both the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD's Guidelines for Multinational Companies: Companies are to carry out and publish due diligence assessments related to fundamental human rights and decent working conditions, not limited to own operations, but also supply chains and business partners.

1.2 FINANCIAL INDUSTRY REQUIREMENTS

The financial sector is broadening and deepening its requirements for ESG information in a manner that creates new challenges for companies. Moreover, recent legal interpretations maintain that an asset manager's failure to consider ESG factors may be a breach of fiduciary responsibility.

Banks and insurance companies are working to integrate ESG factors into risk and credit processes and insurance risk premium assessments.[3] This demonstrates the need for standardised and reliable ESG information from a financial perspective. Several ESG-related products and services also require financial institutions to request ESG reporting from companies, i.e. green bonds, social and sustainability linked bonds and loans, green funds, low-carbon funds, impact investment funds etc. Year-on-year, there was a tripling in green and sustainability linked bonds from 2020 to 2021.[4]

The Poseidon Principles are now signed by 28 financial institutions, jointly representing approximately USD 185 billion in shipping finance. The principles represent a framework for assessing and disclosing the climate alignment of ship finance portfolios. By disclosing climate alignment, it will be possible to gain insight to the portfolio in terms of environmental impacts and climate risks:

The EU Green Deal

EU aims to make Europe the first climate neutral continent in the world. A series of proposals will have an impact across entire value chains in sectors such as energy and transport, and construction and renovation.

The EU taxonomy is the centrepiece in EU ESG-related regulations, as it provides the framework that defines the economic activities that can be considered environmentally sustainable for companies, investors, and policymakers. This will allow for comparing the environmental performance across companies – and will assist companies and investors in determining which economic activities are environmentally sustainable. Large and listed companies will have to report on their proportion of turnover, investments and operating expenses that are considered "sustainable". Maritime transport has been included as part of the classification system, with detailed technical screening criteria for different types of maritime transport. *The NSA will provide its members with updated information on the taxonomy as more details concerning the industry are available.*

This may in turn enhance the focus on climate risk in lending decisions. Similar financial industry requirements related to responsible ship recycling are also included in financial transaction documents by banks that have signed the Responsible Ship Recycling Standard (RSRS).

1.3 CURRENT DEVELOPMENTS

EU: The EU is in the process of establishing the Corporate Sustainability Reporting Directive (CSRD),[5] a development of the Non-Financial Reporting Directive (NFRD) from 2014. The CSRD will require more detailed reporting in line with mandatory EU sustainability reporting standards,[6] and will most likely require that the information is audited by an independent third party. The EU has also finalised regulations to facilitate sustainable investments, including a taxonomy for sustainable activity. The CSRD will ensure consistency with Europe's existing legal framework relating to ESG,[7] however, the CSRD is unlikely to have an impact on reporting before 2023.

USA: In developing any ESG disclosure requirements, the Securities Exchange Commission (SEC) will likely focus on information that is considered financially material. In May 2020, the SEC established a Climate and ESG Task Force, and the initial focus will be to identify any material gaps or misstatements in issuers' disclosure of climate risks under existing rules.[8] SEC rule-writing is slow by design, and the Commission will work to understand the contours of the disclosures that investors need before the SEC establishes any new template from the many already in existence.[9]

NORWAY: The Norwegian Accounting Act, §3-3 b and c, is currently under revision. It was recently updated with requirements to describe diversity policies and operational factors that may impact the development, performance or consequences pertaining to the environment, social aspects, labour conditions and corruption. Once the Parliament has approved the Act on the Publication of Sustainability Information in the Financial Sector and the Framework for Sustainable Investments,[10] this will also affect §3-3 c of the Accounting Act: "Companies as mentioned in Directive (EU) 2013/34 Articles 19a and 29a, shall in addition provide information as described in Article 8 of the Taxonomy Regulation."

The NSA will monitor the development of new requirements closely, and assess the associated implications.

01 Shippingwatch, Ikea, Amazon, Unilever commit to zero-emission ocean freight by 2040, Oct 20 2021
02 https://lovdata.no/dokument/NLE/lov/2021-06-18-99
03 EBA: ESG risks for credit institutions and investment firms EBA/REP/2021/18
04 https://www.scmp.com/business/banking-finance/article/3143202/what-driving-almost-200-cent-growth-sustainability-linked
05 https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en#csrd
06 The first set of standards would be adopted by October 2022
07 The Sustainable Finance Disclosure Regulation and the Taxonomy Regulation
08 https://www.sec.gov/news/press-release/2021-42
09 https://www.sec.gov/news/speech/can-the-sec-make-esg-rules-that-are-sustainable
10 Lov om offentliggjøring av bærekraftsinformasjon i finanssektoren, Prop. 208 LS (2020–2021)

2 ESG REPORTING EXPLAINED

2.1 THE NEED FOR RELIABLE DATA

ESG reporting should address the disclosure needs of several stakeholders; it must cover legal requirements and the expectations of the wider society, and be aligned with the financial sector's need for information, including ESG assessments produced by ESG rating firms. Ensuring that data are compiled in a timely manner, in line with standards relevant to the company and the industry, and that data can be verified when required – are all elements of making ESG reporting part of how performance is measured, monitored and managed.

2.2 GENERAL SUSTAINABILITY STANDARDS

The standards described below are the basis for the recommended disclosures in chapter 4. By reporting according to the criteria in chapter 4, a company ensures that key sustainability metrics and information are made available to internal and external stakeholders. Best practice is to include this information in the annual reports, not only on the company web site or in a stand-alone sustainability report.

Among the hundreds of sustainability reporting frameworks, three initiatives stand out as landmarks in the global reporting landscape. These are applicable regardless of industry and geography:

For listed companies, please note that Oslo Børs and Euronext has published its own guideline for ESG reporting, underlining the need to base reporting on material sustainability topics and the standards described above.[11]

Global Reporting Initiative (GRI)

GRI is the most widely used international reporting framework for sustainability reporting, with over 90% of the largest companies in the world using this standard. GRI is based on international standards such as the UN Guiding Principles of Business and Human Rights, UN Global Compact and OECD Guidelines for Multinational enterprises.

The Value Reporting Foundation: Integrated reporting and the SASB standards

The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) have merged under the umbrella of the Value Reporting Foundation. The aim is to support business and investor decision-making with three key resources: Integrated Thinking Principles, Integrated Reporting Framework and SASB Standards. SASB has developed 77 globally applicable industry-specific standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry.

UN Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030. The SDGs call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet. While not a reporting framework per se, many businesses refer to the SDGs in their reports.

11 https://www.euronext.com/en/news/esg-guidelines-for-listed-companies

2.3 TOPIC AND INDUSTRY-SPECIFIC STANDARDS AND INITIATIVES

In addition to the three reporting standards outlined above, there are topic-specific standards and industry-specific standards and initiatives. Each of the below initiatives has a separate purpose, however the CDP covers some of the elements relating to climate risks that are mapped through the Task Force on Climate-related Financial Disclosures (TCFD).

CDP

CDP is the largest reporting framework for climate information and the annual ranking from CDP is actively used by analysts within the financial industry.

More than 5500 companies report via CDP, and the database encompasses close to a fifth of global climate emissions. CDP is backed by over 800 institutional investors with over USD 100 trillion in assets under management.

Poseidon Principles

The Poseidon Principles were established by leading shipping banks committed to improving the role of maritime finance in addressing global environmental issues. The expectation behind the Poseidon Principles is that signatories who are not aligned with the IMO 2050 trajectory may want to improve their emission profiles.

Even if several banks important to the shipping industry have commited to the principles, it is still unclear if, when and how ship emission profiles will impact the terms of credit. Given the increased climate risk scrutiny on banks from financial supervisory authorities, it is natural to assume that credit risk assessments in the intermediate/immediate future will include emission profiles - the Poseidon Principles will enhance banks' ability to conduct such evaluations.

Responsible ship recycling standard

Hundreds of ships are recycled every year, a process that often entails significant environmental pollution and health risks for people. The RSRS initiative requires minimum standards of occupational safety and environmental protection when signatories scrap ships.

The RSRS works to incorporate scrapping clauses in accordance with international standards such as the Hong Kong Convention, into loan agreements. A number of Nordic banks, such as Nordea, DNB, SEB, Sparebanken Vest, SpareBank 1 SR-Bank and Export Credit Norway have signed the initiative.

Sea Cargo Charter

The Sea Cargo Charter is applicable to charterers with interest in the cargo on board; those who simply charter out the vessels they charter in; as well as the disponent owners and all charterers in a charterparty chain.

Signatories will measure the GHG emission intensity and total GHG emissions of their chartering activities on an annual basis and will assess their climate alignment relative to established (IMO) decarbonization trajectories.

The development of the Sea Cargo Charter was led by global shippers, e.g. Anglo American, Cargill Ocean Transportation, Dow, Norden, Total, Trafigura – and industry players, e.g. Euronav, Gorrissen Federspiel, Stena Bulk.

The Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) represents a set of voluntary disclosures that enable investors and the wider public to gain insight into the risks a company may face related to climate change.

The TCFD recommends 11 disclosure items structured around governance, strategy, risk management and targets related to climate risks. The TCFD is the international reference point for both the financial community and governments in terms of climate risk reporting.

3 ESG REPORTING – APPROACH

3.1 BEST PRACTICE ESG REPORTING

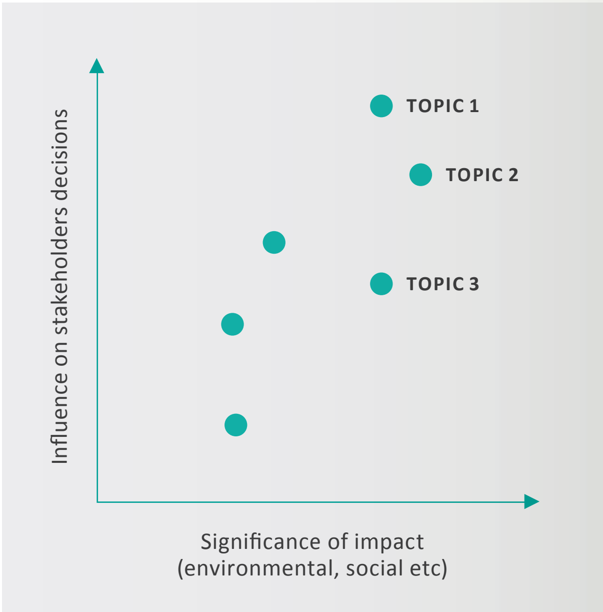
Generally, the financial markets prefer ESG reporting that outlines clear ESG targets, performance against those targets – preferably over a 3-5-year horizon – and relevant governance information on how material issues are managed by the company. A critical success factor is to focus on material ESG topics for the company and its stakeholders; the company needs to assess which topics are material to them, the industry and its stakeholders, and avoid lengthy reporting on less relevant topics. Below is an outline of how a company should perform a materiality assessment (3.2) and a short description of generally agreed material topics for the shipping and offshore industries (3.3).

3.2 MATERIALITY ASSESSMENT

A materiality assessment seeks to identify which ESG topics are material for the company to report on. Conducting a materiality assessment is therefore important to ensure that the right kind and amount of information is disclosed. The assessment is also an important foundation for a company's resource allocation and contributes to the strategic work of the company.

A typical materiality assessment considers the level of impact on the external environment and society, usually informed by the opinions of stakeholders. A preliminary list of relevant topics should be developed in advance, to be considered by both internal and external stakeholders.

Impacts on the environment and society are usually identified through dialogue with internal and external experts, as well as the company's stakeholders such as owners, customers, financial institutions, and civil society. Impacts on the company's ability to create value is identified internally in the company through interviews with top management and surveys of key internal functions. It is important to include all levels of the organisation, e.g. operational, management, and possibly board of directors, to map out where the risks and opportunities are. It is important to secure the independence and integrity of the process and for stakeholders to feel free to voice their opinions.



The materiality assessment can be presented in a matrix that illustrates how the different topics are ranked against the two different parameters (see example). Topics that have significant impact on the environment and society, and/or are considered business-critical should therefore be the focus in the report.

3.3 MATERIAL ISSUES

This section outlines issues typically deemed material for the shipping and off-shore industry. Items listed are a condensed set of material issues identified specifically for the maritime industry by the GRI, SASB and the financial industry.[12] The list of material issues provides an overview of issues that can be useful for companies that do not have the capacity to carry out a full materiality assessment with external and internal stakeholders. The aim is to provide guidance and harmonization of reporting across the industry and ensure at minimum a focus on issues deemed material to the industry based on trustworthy sources.

I. ENVIRONMENT

EMISSIONS AND ENERGY REDUCTION

The main concern is GHG emissions and the ability to meet stricter climate-related regulations, but also concern over air pollution emission from ships, including Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x) and Particulate Matter (PM) in harbour areas. *Note that the financial market players are searching for information on how companies, their management and boards are assessing and preparing the organisations and business models for climate related changes, i.e. investments in new technologies, emission requirements, tax regimes and business opportunities.*

BIODIVERSITY AND MARINE POLLUTION

The main concern is the transfer of invasive species through i.e. ballast water, impact on marine life from anti-fouling chemicals, insufficient on-board waste management, spills and responsible environmental practices for newbuilds and ship recycling practices.

II. SOCIAL

HEALTH, SAFETY AND SECURITY

The main concern is workers' health and safety, particularly the industry's high accident and fatality rates, and security concerns related to piracy and other threats to assets or crews.[13] Reporting should cover Health, Safety and Security practices for own employees, as well as contracted personnel and health and safety issues related to newbuilds and ship recycling.

LABOUR AND HUMAN RIGHTS

The main concern is possible non-compliance with general labour and human rights standards, particularly related to the use of short-term contracts and temporary employment through manning agencies, which may weaken worker's rights. Several cases of modern slavery have been uncovered in the value chain in recent years, particularly involving migrant workers at yards. The Norwegian parliament has adopted the Transparency Act,[14] obliging large and mid-size companies to conduct human rights and decent work due diligence not only for its own operations and supply chain, but throughout all business relationships in the value chain. Under this Act, citizens will be entitled to request information from companies, and the Norwegian consumer authority may issue injunctions and fines for non-compliance.

Reporting should cover how the company approaches labour and human rights for its own employees, as well as in the value chain, particularly related to contracted workers and yard workers for newbuilds and ship recycling.

III. GOVERNANCE

ANTI-CORRUPTION

As an industry, shipping is highly vulnerable to corruption and the demand of facilitation payments, a vulnerability that increases with the widespread use of agents, brokers and intermediaries in the industry. The reporting should address how the company manages corruption risk and be transparent about challenges.

ACCOUNTABILITY AND TRANSPARENCY

The industry's supranational nature implies that it is sometimes challenging to select a level of public disclosures which satisfies all relevant audiences. However, and also recognising the Transparency Act, it is important to explain how the company's governance structure safeguards compliance with legal requirements, potential sanctions and industry standards, and how the company ensures accountability and transparency in its operations and partnerships.

12 Sources: ESG ratings from MSCI, Bloomberg, Sustainalytics and the credit rating agencies S&P, Moody's and Fitch.
13 Center for Maritime Safety and Health Studies: Marine Transportation
14 Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). Note that the Transparency Act transposes the human rights due diligence (HRDD) approach set forth in the OECD Guidelines for Multinational Enterprises, which was first elaborated in the UN Guiding Principles on Business and Human Rights (UNGPs).

4 PROPOSED SET OF INDICATORS

Below is a list of environmental, social and governance (ESG) indicators recommended by The Norwegian Shipowners Association.

Guidance on how to report and use the indicators:

- Reporting on all indicators is recommended for full and transparent disclosure on all material topics.
- Indicators with a **green background** are recommended as a starting point for new reporters, and as a minimum for all members.
- The report, or an executive summary, should be included in the annual report. Additional information can be provided in separate ESG reports, on the company website, through the CDP questionnaire etc.
- Time series can be provided to indicate performance trends, as available and relevant.
- References in bold are the main references for further information on definitions and data points. Other relevant references, including the UN Sustainable Development Goals, are also listed.

4.1 ENVIRONMENT

Accounting metric	Unit of measure	Reference
Climate risk and climate footprint		
Scope 1 GHG emissions Gross global Scope 1 GHG emissions to the atmosphere (i.e. fuel consumed), in line with the GHG Protocol. Please ensure to state the approach applied: Operational Control approach and the Financial Control approach.	Metric tons CO_2-e	**SASB TR-MT-110a.1** **GRI 305-1** Poseidon Principles SDG 13 CDP C6-C8
Scope 2 GHG emissions Gross global Scope 2 GHG emissions to the atmosphere (i.e. purchased electricity), in line with the GHG Protocol (location based and market based approach)	Metric tons CO_2-e	**GRI 305-2** SDG 13 CDP C6-C8
Scope 3 GHG emissions Gross global Scope 3 GHG emissions to the atmosphere (i.e. purchased products/services), in line with the GHG Protocol.	Metric tons CO_2-e	**GRI 305-3** SDG 13 CDP C6-C8
Carbon Intensity Indicator (CII): 1) The average Efficiency Ratio ("AER") or cgDist. More info on application, see page 16 of the Poseidon Principles. 2) Energy Efficiency Operational Indicator (EEOI). More info on application, see page 8 in the IMO EEOI guidelines.	Ratio g CO_2 / t·nm	**GRI 305-4** SDG 13
GHG emission management Description of short term and long-term strategy or plan to manage GHG emissions, emissions reduction targets, and an analysis of performance against those targets.	Text	**SASB TR-MT-110a.2** GRI-DMA 305-1 GRI 305-5 SDG 13
Climate risk reporting Reporting on climate related risks and opportunities in line with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD), i.e.: ▪ management approach to climate-related risks (board and management involvement) ▪ impact of climate-related risks on business strategy (stress testing) ▪ assessment of climate-related risks (in light of Paris agreement reduction trajectories) ▪ metrics used to manage climate-related risks	Text	**TCFD** GRI 201-2 (Sector std 11.2.1) SDG 13 CDP C1-C4
Energy mix The total amount of energy consumed as an aggregate figure, in gigajoules (GJ), the percentage of energy consumed that was supplied from **1)** heavy fuel oil (fossil fuels) and **2)** the percentage of energy consumed that is renewable/ low-carbon energy.	Gigajoules, Percentage (%)	**SASB TR-MT-110a.3** GRI 302-1 SDG 13 CDP C8
Sulphur emissions Policy for compliance with sulphur regulations including global sulphur limits and relevant Emission control area (ECA) limits. Report **a)** the percentage of the fleet that has scrubbers installed and **b)** target percentage of the fleet that will have scrubbers installed – indicating if open or closed loop systems.	Text/figures	MARPOL Annex VI Reg. 14 (IMO Global Sulphur Cap 2020)
Air pollution		
Other air emissions Emissions of other significant air pollutants, i.e. NO_x, SO_x, PM, VOC, Black Carbon etc.	Metric tonnes (t)	**SASB TR-MT-120a.1** **GRI 305-7** (Sector std 11.3.2) SDG 3
Ship recycling		
Responsible ship recycling Policy for recycling of ships, please see the NSA's statement. Number of ships recycled during the reporting period with measures taken to ensure responsible recycling.	Text/figure	**Hong Kong Convention** **EU Ship Recycling Regulation (EU 1257/2013)** Forskrift 2018-12-06-1813 and Basel Conv. SDG 8, 12, 14

Accounting metric	Unit of measure	Reference
Ecological Impacts		
Shipping duration in marine protected areas and areas of protected conservation status The shipping duration spent in marine protected areas or areas of protected conservation status, where shipping duration is the sum of the travel days (24-hour periods or fractions thereof), including time spent docked at ports. OR tracking of days travelled in ECA areas.	Number of travel days	**SASB TR-MT-160a.1** **SDG 14** GRI 304-2 (Sector std 11.4.3) UNEP World Conservation Monitoring Centre (UNEP WCMC)
Number and aggregate volume of spills and releases to the environment The total number of spills and releases to the environment (water, soil and air) and the aggregate volume of potentially harmful spills and releases in cubic meters. Spills include all accidental spills and releases – substance that have escaped their containment – of i.e. gas, fuel, hydraulic and lube oil in addition to chemicals and bulk cargoes.	Number, Cubic meters (m^3) or Metric tonnes	**SASB TR-MT-160a.3** SDG 14 GRI 306-3 (Sector std 11.5.4)
Waste generated A description of i) the inputs, activities, and outputs that generate waste; ii) whether the waste is generated in the organisation's own activities or generated upstream or downstream in its value chain. Describe initiatives to improve the share of waste delivered to onshore facilities vs onboard incineration. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste (e.g. hazardous/non-hazardous, biomass, metals, non-metallic minerals, plastics, textiles).	Text Percentage of waste to onshore waste handling Number, metric tonnes	**GRI 306-1** (Sector std 11.5.2) **GRI 306-3 a**

4.2 SOCIAL

Accounting metric	Unit of measure	Reference
Accidents, Safety and Labour Rights		
Lost time incident rate (LTIR) The lost time incident rate (LTIR) for work-related injuries and illnesses that results in absence from work beyond the date or shift when it occurred. Calculation: (lost time incidents) / (1,000,000 hours worked). **Or Lost Time Incident Frequency (LTIF)** Calculation: (lost time incidents * 1,000,000) / (number of Exposure Hours) For seafarers there are 24 exposure hours per day, hours worked is not a relevant part of the calculation.	Rate	**SASB TR-MT-320a.1** **GRI 403-9** IMO ISM Code SDG 8
Diversity Diversity of workforce, top management and board of directors according to gender and other indicators of diversity where relevant, e.g. age group, minority or vulnerable groups.	Percentage (%)	**GRI 405-1** SDG 5, 10

Accounting metric	Unit of measure	Reference
Labour rights Description of policies regarding i.e. the freedom of organisation, collective bargaining agreements, working hours.	Text	**GRI 407-1** SDG 8
Port state control Number of (1) deficiencies and (2) detentions received from regional port state control (PSC) organisations.	Number	**SASB TR-MT-540a.3** SDG 8, 14
Marine casualties Number of marine casualties, percentage classified as very serious, as defined the Norwegian Maritime Directorate.	Number	**SASB TR-MT-540a.1** SDG 8

4.3 GOVERNANCE

Accounting metric	Unit of measure	Reference
Business Ethics		
Corruption risk Number of calls at ports or net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number or value (reporting currency)	**SASB TR-MT-510a.1** SDG 16
Facilitation payments Number of incidents where bribes/facilitations payments have been requested.	Number	**SDG 16**
Fines Total monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and/or regulations. Describe AML policy and training as well as antitrust policy clauses.	Figure Reporting currency	**GRI 2-27** SASB TR-MT-510a.2 SDG 16
ESG governance		
Policies and targets Description of main policies and targets: ■ ESG related policies and procedures ■ ESG related targets and performance against targets ■ Whistleblowing policy and incidents recorded ■ Supply chain management	Text/ numbers	**GRI Disclosure of Management Approach (GRI 3-3)** **GRI 205-2** (Sector std 11.20.3) **GRI 308 1&2** **GRI 414-1&2**
■ Description of stakeholder engagement and grievance mechanisms ■ Tax policy ■ Policy on related party transactions ■ Policy on lobby/political contributions – total monetary value of monetary or in-kind made directly or indirectly by the organisation by country and beneficiary.	Text/ numbers	**GRI 207** **GRI 415-1 a**

Glossary and abbreviations

CDP
CDP is a not-for-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

CORPORATE SOCIAL RESPONSIBILITY (CSR)
To engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them. CSR is often used synonymously with sustainability.

COMMUNITY ENGAGEMENT
The term “community engagement” is primarily used to describe corporate activities such as contributions to charitable organisations, culture and sports, or support for volunteer work and active involvement in political issues. It is used less to refer to responsible practices within a company itself.

ESG
ESG is an acronym for “Environmental, Social and Governance” factors. Pollution and energy consumption are examples of environmental factors, human rights and labour conditions are examples of social factors, and compliance with laws and internal company control mechanisms are examples of governance factors.

GHG
Greenhouse Gas Emissions, please see the GHG Protocol.

GLOBAL REPORTING INITIATIVE (GRI)
GRI creates the global common language for organisations to report their impacts. This enables informed dialogue and decision making around those impacts.

Guidelines to issuers for ESG reporting (Euronext)

Hong Kong Convention

IMO 2020

Norwegian Maritime Directorate (definition of marine casualties)

Poseidon Principles

Responsible Ship Recycling Standards

SASB Marine Transportation Standard

SUSTAINABILITY
The concept was introduced in 1987 when the Brundtland Commission defined sustainable development as resource utilisation that meets the needs of the present without compromising the ability of future generations to meet their own needs. Corporate sustainability entails managing a business in a manner that ensures that decisions made today will in accommodate the economic, environmental and social conditions in the future.

SCIENCE-BASED TARGETS
The Science Based Targets initiative (SBTi) is the lead partner of the business ambition for 1.5°C campaign – an urgent call to action from a global coalition of UN agencies, business and industry leaders, mobilizing companies to set net-zero science-based targets in line with a 1.5°C future. The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

SOCIAL RESPONSIBILITY
The term “social responsibility” refers to the social justification a business has by virtue of the products or services it provides. Important social tasks may be, for example, to supply electricity, infrastructure, health care and education, and the term is often used in reference to companies in these sectors.

THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)
The UN SDGs, adopted by all United Nations Member States in 2015, sets out 17 sustainable development goals (SDGs). The goals recognise that ending poverty and other deprivations must go hand-in-hand with strategies to improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve oceans and forests. The goals cover both developing countries and industrialised countries and have been broadly endorsed by corporations and investors.

TCFD
The Task Force on Climate-related Financial Disclosures has released climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation.

TNFD
The Taskforce on Nature-related Financial Disclosures build on seven principles: market usability, science-based, nature-related risks, purpose-driven, integrated & adaptive, climate-nature nexus and globally inclusive.

UNEP WCMC

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