Norges Rederiforbund
Norwegian Shipowners' Association

Material Sustainability Topics in the Shipping and Offshore Industries

Executive summary

In fall 2024, the Norwegian Shipowners' Association (NSA) started a project mapping our members' results from their double materiality assessments (DMA), with the intention of producing this final paper. As part of the project, the NSA asked members who had conducted a DMA according to the CSRD requirements to answer a survey to map which topics, sub-topics and sub-sub-topics were identified as material in the process. The initial survey was conducted between 20th September and 10th October 2024, and we received a total of 16 replies from companies of different sizes and in different segments. In addition, follow-up interviews were conducted to gain a better understanding of the reasoning for *why* topics were found material or not material.

Based on our dataset, the paper examines: 1) Which topics are generally deemed material for the shipping and offshore industries, 2) Explanations as to why specific topics have been deemed material / not material and some of the factors that have influenced the assessment, and 3) Guidance related to industry-specific regulations and other particularities which are relevant for stakeholders to know and understand when interacting with our members.

Besides providing an overview of findings on a topic, sub-topic and sub-sub-topic level and outlining some general arguments for why a topic is deemed material /not material, we conclude the paper with some reflections and observations made throughout the project period:

- One noticeable observation is that, overall, there seems to be a common understanding regarding materiality / non-materiality among our respondents concerning several ESRS topics, although differences were noted regarding sub- and sub-sub-topics.
- A general concern noted throughout the project period was that the ESRS are better suited for land-based operations and not well tailored to the specificities of the shipping and offshore industries. Reporting according to the sector-agnostic standards poses certain challenges, especially regarding defining workers within S1: Own workforce or S2: Workers in the value chain, and whether to report GHG emissions using the financial control or operational control method.
- There are some differences in how companies approach an impact, and whether it is the action/reason or the impact itself that is the determining factor for whether a topic is material. This is especially noticeable in relation to standard E2: Pollution and standard E4: Biodiversity and ecosystems.

This paper is a first attempt to gain a better understanding of which sustainability topics are generally considered material or not material in the shipping and offshore industries. It is, however, by no means a conclusion or a guide presenting what should or should not be material for all shipping and offshore service companies. Each and every company subject to the CSRD must themselves conduct a double materiality assessment as per the requirements of the law, and as such this paper is meant to be an inspiration in, rather than an answer to, the DMA process.

Content

Introduction of the Norwegian Shipowners' Association

The Norwegian Shipowners' Association (NSA) is the leading industry-, employer-, and contingency planning organization for shipping and offshore in Norway. With around 130 members, the NSA represents a diverse group of shipping and offshore service companies, within the segments:

Deep sea:
The deep sea fleet consists of several segments where Norwegian shipowners are world leading and hold solid market shares. Among these are segments such as car carriers, LNG, shuttle tankers and chemical tankers. The vessels sail over large distances and between continents.

Short sea:
Shipowners in the short sea segment transport all types of goods and passengers. They operate between Norwegian and European ports, and between ports in Europe. A large part of transport within Europe is carried by ship, and this means that short sea shipping plays a crucial role for the transport needs of business and the competitiveness of Norwegian industry.

Offshore services:
The Norwegian offshore fleet has a high proportion of vessels for transporting supplies and equipment to and from offshore installations. A large proportion of vessels are intended for subsea work. Offshore service companies are also well represented in the offshore wind market.

Offshore contractors:
Owners and operators of mobile units used in the offshore oil and gas industry as well as service providers necessary for the operations of these units and platforms.

For more information on the NSA and the general trends within the shipping and offshore industries please see:

- About us
- 2025 Maritime outlook

Introduction

Over the past few years, we have seen increasing regulatory requirements and societal expectations for companies' sustainability efforts. Where previously climate was the main topic on the agenda, a broad range of sustainability-related issues are now in focus in addition to increased regulatory requirements regarding companies' sustainability reporting.

The Corporate Sustainability Reporting Directive (CSRD) was adopted in 2022, replacing the Non-Financial Reporting Directive (NFRD). With the CSRD, sustainability reporting is set at the same level as financial reporting, and it entails reporting after detailed reporting requirements with the European Sustainability Reporting Standards (ESRS) as the basis for reporting. The directive follows a stepwise implementation process and the largest companies, the so-called "wave 1 companies", started reporting for financial year 2024 in 2025.

Many of the NSA's members are currently subject to the CSRD. An integral part of the CSRD framework is the double materiality assessment (DMA), a process through which each company defines which sustainability topics are material for the company and hence will report on in their annual report. With new and comprehensive reporting requirements there is an increased need for information sharing and knowledge dissemination regarding material sustainability topics relevant for the shipping and offshore industries, both within the sector itself but also more broadly targeting other relevant stakeholder groups.

In fall 2024, the NSA started a project mapping our members' DMA results with the intention of producing this final paper. Our aim has been to produce a paper which can be used by our members to raise awareness both internally in their organizations, but also externally when interacting with relevant stakeholders. The paper covers: 1) Which topics are generally deemed material for the shipping and offshore industries, 2) Explanations as to why specific topics have been deemed material / not material and some of the factors which have impacted the assessment, and 3) Guidance related to industry-specific regulations and other specificities which are relevant for stakeholders to know and understand when interacting with our members.

On 26th February 2025, the EU Commission published its so called "Omnibus 1" package, with proposals pertaining to corporate sustainability reporting and due diligence requirements. In regard to the CSRD, the Commission proposed, amongst other, to 1) postpone the reporting obligation for wave 2 and wave 3 companies, 2) increase the threshold for reporting companies to 1000 employees (effectively proposing that wave 2 and wave 3 companies will be exempt from reporting according to the ESRS in the future), and 3) revise the ESRS. While we still await the final conclusion regarding thresholds and the updated ESRS, the EU adopted the postponement for wave 2 and wave 3 companies in April 2025.

Although these developments naturally have an impact, we still see value in reporting the initial findings from our DMA project. Even if fewer of our members will be obligated to report after the CSRD and the ESRS, reporting on sustainability-related information will be required in some shape or form in the future, if not by regulatory requirements, then increasingly so by relevant stakeholders. Furthermore, in light of the recent developments giving more prominence to EFRAG's Voluntary Reporting Standards for SMEs (VSMEs) we see this project as a potential stepping-stone for developing more sector-specific guidance for companies opting to report according to these standards.

THE PAPER: WHAT IT IS, AND WHAT IT IS NOT

This paper is a contribution to examining what topics are generally considered material or not material in the shipping and offshore industry sectors. We are, however, not trying to create a guideline or set clear rules as to what topics are material or not material for all shipping and offshore industry companies. Each and every company subject to the CSRD must themselves conduct a double materiality assessment as per the requirements of the law, and as such this paper is meant to be an inspiration in, rather than an answer to, the double materiality assessment process. As we will see from the results of the survey, different companies have, based on factors such as segment, size, operational mode and geographical presence, found different topics material. This underscores the importance of a sound and robust DMA process, and that company-specific factors play a role in the determination of material sustainability topics.

One of the limitations one must bear in mind when reading the results of this paper is the limited data set on which the paper rests on. We received a total of 16 replies to the initial survey and considering that the NSA has approximately 130 members this constitutes a little over 10 % of the NSA membership base. At the same time it should be remembered that 1) not all of our members are subject to the CSRD, 2) many members are wave 2 and wave 3 companies and had not finalized the DMA process at the time of the survey, and 3) some members are subsidiaries where the mother companies have the responsibility for the DMA process (and as such they are not necessarily involved in the process or outcome). Still, in the event that we publish an updated paper, we hope to have an even better data set to base the updated paper on.

An important rational behind the paper has been to create a better understanding of the shipping and offshore industry and the regulatory framework these companies operate under. As such we have tried to explain the specificities of how the industry operates, name the central actors and stakeholders, and give a broad overview of the regulatory regime the industry follows. We will, however, need to draw a line in terms of explaining general legislation which are sector agnostic (like the CSDDD, Transparency Act etc.) or national legislation outside of Norway, in order to keep the paper within reasonable lengths.

THE SURVEY AND DATASET

As part of the project, the NSA asked members who had conducted a DMA according to the CSRD requirements to answer a survey to map which topics, sub-topics and sub-sub-topics were identified as material in the process. The initial survey was conducted between 20th September and 10th October 2024, and we received a total of 16 replies, from companies of different sizes and in different segments. Of the 16 respondents, all NSA group segments were represented. However, there were significant differences with regard to the sample size from different segments. We predominantly see respondents from the offshore service (eight) and deep sea segments (six), and only one short sea company and one offshore contractor company.

Within the NSA we have separate sub-groups within the offshore service segment, which are 1) Underwater entrepreneurs (subsea contractors) and 2) Offshore wind. In the questionnaire we asked respondents to specify which segment they primarily identified with, and two respondents identified within the offshore wind segment and one respondent identified with the subsea contractor segment. Due to the low number of respondents within these sub-segments these are included in the overall offshore service segment throughout the paper. If there are instances where there are noticeable differences in these sub-segments' answers vis-à-vis the other offshore service companies, this will be noted.

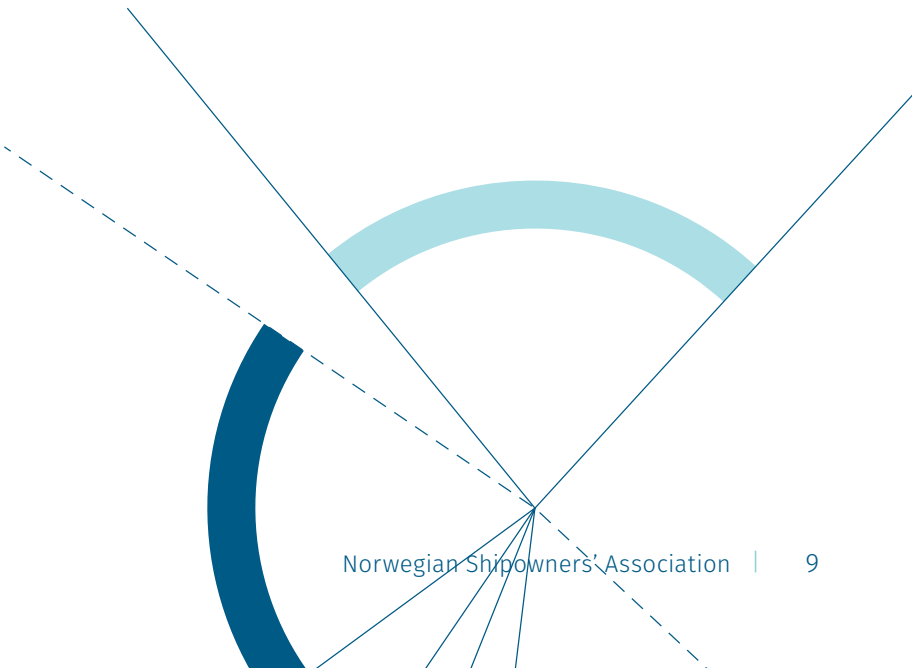
Of the sample, 10 of the respondents will report in 2025 for reporting year 2024, four will report in 2026 for reporting year 2025 and one will report from 2027 for reporting year 2026[1]. One respondent answered that they will report on a voluntary basis. Of the respondents, 14 gave data on sub-sub-topics level, while one respondent only listed topics and sub-topics in its reply[2]. The last company made significant changes to the DMA throughout the project-phase, and in order to best make sure the data was as accurate as possible, it was decided to only include their topics and sub-topics in the dataset[3]. Neither of these companies were reporting for the financial year 2024 and both were in the offshore service segment.

After initial sorting and analysis of the data, some respondents were contacted in fall 2024 to ask clarifying questions regarding their answers to make sure the data was as complete as possible. In addition, six companies were invited to interviews during winter and spring 2025 to further understand the reasoning behind *why* topics were found material or not material. These interviews lasted between 30 minutes and approximately one hour, and as such all topics, sub-topics and sub-sub-topics were not discussed in detail in each interview. Furthermore, in instances where it was understood that respondents had made changes to the original dataset throughout the project period, respondents were followed up by email and asked to verify the results and provide information on potential changes.

1 Note that the answers were gathered before the EU adopted the postponement for wave 2 and wave 3 companies in April 2025.
2 The respondent is categorized within the offshore service segment.
3 The respondent is categorized in the underwater entrepreneur segment.

One challenge experienced through the process was the continuously evolving nature of the DMAs and the final list of material topics reported on. This is not surprising considering the iterative nature of the DMA process with continuing reviews and updates, but it does pose a challenge with regards to ensuring the accuracy of the dataset. As such, we must highlight that we have tried to update the original data as best as possible, but there will inevitably be some changes in the respondents' final results that we have not considered in this final paper. However, as previously mentioned, the aim of this paper is not to conclude on whether a topic is material or not for all companies within our industry but rather give an indication on what our members have found material in these first DMA processes. Furthermore, we expect that once companies have repeated the DMA process over a longer period, we will see some changes to these initial findings and possibly also further consolidation as the companies themselves mature and gain a better understanding of their impacts, risks and opportunities.

Lastly, we want to note that some of the companies that have participated in this project are wave 2 and wave 3 companies, as well as one company that planned to report on a voluntary basis. With the ongoing Omnibus process, and the potential new role for the VSMEs, it is too early to tell whether this will have an impact on the final results of these companies' DMA in the future. It is, however, worth keeping in mind that the dataset was collected before these developments occurred, and that the outcome of the Omnibus process can have an impact on the DMA results for these companies.



Shipping 101

In order to understand sustainability impacts, risks and opportunities for shipping and offshore companies, it is essential to have an overview of the main features characterizing the industry. Below we will give a short introduction to some central key terms and concepts within the shipping and offshore industries. This is by no means a comprehensive overview of all the industry specificities, but rather an introduction including references for further reading.

SHIP TYPES, RIGS AND OFFSHORE INSTALLATIONS:

There are large variations in terms of vessel, rig and offshore installation types. We can broadly divide ship types into the following categories:

- **Bulk Carriers:** Vessels carrying large quantities of raw materials such as grain, iron ore or coal.
- **Tankers:** Vessels carrying liquid cargo, with sub-segments oil tanker, chemical tankers and gas carriers.
- **Container ships:** Vessels transporting containers, both regular and refrigerated containers.
- **Offshore vessels**: Vessels designed to provide support of various kinds to the offshore industries, such as for example oil and gas production or offshore wind. There are a wide range of vessels included within this classification, such as platform supply vessels, mobile offshore drilling units, and anchor handling and supply vessels.
- **Special purpose ships**: Vessels that provide essential support services, such as tugs and ice breakers, or specialized vessels used for specific tasks, such as marine exploration and surveys.
- **Ferries / Ro-Ro ships**: Vessels transporting passengers and other cargo, typically on shorter journeys. Some ferries also transport cars and commercial vehicles and are called Ro-Ro (roll on-roll off) ships.
  - Please note that ferries (also ferries transporting cars and commercial vehicles) described above are often considered within the short sea segment. However, Ro-Ro vessels purely designed to transport wheeled /rolling cargo for longer distances, for example between continents, are considered within the deep sea segment.
- **Cruise ships**: Unlike other ship types, these vessels are not primarily designed to transport goods or passengers but rather provide passengers a full holiday experience. This includes accommodation onboard the vessel, while visiting ports in accordance with a pre-set holiday itinerary.

For more information please see ICS' pages on Ship Types

CENTRAL ACTORS WITHIN THE SHIPPING AND OFFSHORE INDUSTRIES

- **Shipowner:** The entity owning the vessel (having financial control of the vessel). Also referred to as carriers.

- **Charterer:** The entity renting the vessel. There are different types of agreements in place regarding which party has operational control of a vessel, please see more below.

- **Charter:** The agreement between the shipowner and the party (charterer) who rents the vessel.

- **Cargo owner**: The entity owning the cargo transported onboard a vessel.

- **Ship manager**: The entity that on behalf of the ship owner or charterer handles the operational and/or commercial management of the vessel(s). Areas of responsibilities include operational, technical, commercial and crew management, alongside handling compliance. It is, however, important to note that different entities can be responsible for different aspects of a vessel's ship management (technical, crew etc.) and one ship manager is not necessarily responsible for all the beforementioned responsibilities.

- **Shipbroker:** Entities operating as intermediaries between the shipowner and the charterer. They can also act as intermediaries when selling/buying vessels, or when conducting other transactions.

DIFFERENT TYPES OF CHARTERS

For the shipping and offshore industries, there are primarily three main contractual arrangements which are used by shipowners and charterers:

- **Bareboat:** The shipowner owns the vessel, however the charterer has full control of the vessel for a given period of time. This means that the charterer is responsible for operating the ship, including crew management, technical management, insurance and so on, effectively controlling the vessel. Note that the charterer might outsource some of the ship management responsibilities to other parties.

- **Time charter**: Like with bareboat charter, time charter agreements last for a specified period of time. However, in time charter agreements the shipowner provides crew and technical management while the charterer maintains operational control of the vessel. This includes deciding voyage destinations and the sailing speed of the vessel.

- **Voyage charter**: An agreement where the charterer pays for a specified voyage (s), while the shipowner maintains responsibility for the operation of the vessel.

For more information, please see:

- SSB "Statistics on Operating survey for vessels in water transport"
- Clarksons "Charter Types: How to choose a charter type"

- IMO "Module 3: From Management to Operation"

Generally, when it comes to **mobile offshore units (MOUs)**, the entity owning the MOUs enters a contractual agreement with the operator for a specified time period and provides the staff for operating the MOU.

MANAGEMENT OF VESSELS: HOW DOES IT WORK IN PRACTICE?

In addition to differences between segments, ship types and contractual agreements, shipping companies organize the day-to-day operations in different ways. While some shipping companies are fully integrated, meaning that besides owning vessels they have inhouse technical, operational and commercial management of vessels, other companies specialize in certain aspects of the shipping lifecycle. This could mean being purely a ship owning entity, or a company specializing in different, often several, aspects of ship management.

When factoring in the different contractual agreements described in the previous section, it can be challenging to fully grasp the many ways vessels could be operated and the different actors who are involved in the management of vessels. Crewing management is a good example of this complexity. Although a company has in-house crewing of seafarers, it is not uncommon to hire additional seafarers or personnel with specific competences from other ship management companies. This could include a wide range of personnel, from technical assistance to cleaning and catering personnel.

THE REGULATORY REGIME: A SHORT INTRODUCTION

United Nations Convention on the Law of the Sea (UNCLOS)

United Nations Convention on the Law of the Sea (UNCLOS) is the foundational legal framework for all marine and maritime activities. It establishes rules governing use of the oceans and their resources, including navigation rights, territorial sea limits and economic jurisdiction. UNCLOS also provides a sharing of responsibilities and control (jurisdiction) between flag states and port / coastal states.

Role of the International Maritime Organization (IMO) and the International Labour Organization (ILO)

The international nature of shipping and common interest in safety at sea, environmental protection, good working conditions together with efficient operations has paved ground for a highly comprehensive international regulatory legal regime. This regime is primarily governed by the International Maritime Organization (IMO), which develops and implements international rules and standards for shipping, based on the principles set out in the UNCLOS, such as conventions, standards etc. relating to safety, security, and environmental protection. The IMO currently has 176 Member States and three Associate members[4]

Key IMO conventions are the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL) and the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers

4 https://www.imo.org/en/OurWork/ERO/Pages/MemberStates.aspx.

(STCW). In addition to the conventions and protocols (amendments to conventions), the IMO develops codes, guidelines and recommendations. These give more detailed recommendations on how to operationalize the provisions set out in the conventions and are usually not binding for Governments. Some codes have been made mandatory by way of provisions under SOLAS or MARPOL. An example of such a code is the International Safety Management (ISM) Code. For more information, see List of IMO Conventions (and the overview in chapter S1, section on "Maritim safety requirements").

Furthermore, the International Labour Organization (ILO) provides comprehensive rights and protection for the world's more than 1.2 million seafarers through the Maritime Labour Convention of 2006 (MLC 2006). The MLC and above mentioned three IMO-conventions constitute the so called four pillars of international maritime law. For more information on the practical implementation of the MLC, please see chapter S1: Own workforce and Maritime Labour Convention, 2006 | International Labour Organization.

The implementation of international legal frameworks is the responsibility of the country of registry, known as flag states, which have jurisdiction over ships registered under their flags. Port states also play a crucial role in enforcement by inspecting foreign ships, so called Port State Control (PSC), that enter their ports to ensure compliance with international standards.

IMO and ILO conventions are binding for all states that have ratified them. Not all countries have ratified all IMO or ILO conventions (for an overview of which Conventions have been ratified by individual countries, please see more information on IMO's pages Status on Conventions). However, it is important to note that in order to level the playing field between shipowners/vessels covered and not covered by international instruments, the PSC-inspections will in general not allow a more favorable treatment of shipowners/vessels not covered by the above-mentioned international instruments. This practice is based on the "no more favorable principle" in international maritime law (see e.g. MLC Article 5 (7) and MARPOL Article 5 (4)). For more information: ILO MLC Frequently Asked Questions | International Chamber of Shipping and Port State Control.

Jurisdiction of flag states and port/coastal states

UNCLOS provides a comprehensive framework for regulating the activities of both port states and flag states. UNCLOS grants flag states jurisdiction over vessels flying their flag on the high seas. This principle is in daily terms translated into that the law of the flag (registry) applies on board and serves as a starting point to understand the limits of flag states' and port states' jurisdiction in shipping activities.

Flag states' jurisdiction, ref. *inter alia* UNCLOS article 92, 94 and 217, does e.g. encompass technical and social matters concerning the ship, its crew, and its operations. They are responsible for ensuring that their ships comply with international regulations, including safety standards, environmental protection and labor conditions. They must maintain a register of ships and ensure that vessels are seaworthy. Additionally, flag states will investigate and, if necessary, prosecute violations of regulations by their vessels, including pollution incidents, safety breaches, and other infractions.

Port and coastal states, ref. inter alia UNCLOS article 218 and 220, have the authority to inspect foreign vessels that enter their ports to ensure compliance with international standards, a process known as Port State Control (PSC). IMO presents PSC as follows:

> *"PSC inspections are intended to be a backup to flag State implementation, a "second line of defence" against substandard shipping, and experience has shown that they can be extremely effective."*

If a vessel is found to be non-compliant, port and coastal states can in certain situations detain the ship until the deficiencies are rectified and can also impose sanctions or fines for violations.

The Port and Coastal States have no jurisdiction to regulate the activities on board foreign flagged vessels that are trading internationally, nor when these vessels are passing through their territorial waters. Exception applies to certain fundamental interests of the coastal state. It has jurisdiction to defend public interest in their territorial waters in areas such as affecting criminal law, security considerations, environmental considerations etc..

Practical implications for ship operations

As described in sub chapter "Role of the International Maritime Organization (IMO) and the International Labour Organization (ILO)", not all countries have ratified relevant IMO/ILO conventions. The International Chamber of Shipping publishes a yearly flag state performance table, which amongst other, details which flag states have ratified significant conventions. The performance table can be a useful resource in understanding the performance of flag states and more information can be found on ICS' webpages.

Technically, in situations where a country has not ratified a regulation, the vessels carrying that country's flag are not bound by the regulations' provision. However, in practice - and accounting for the international characteristics of the industry – port state controls in countries other than the flag state will in many cases require that the vessel still follows the regulations. Port states also classify different flags according to riskiness or "quality" of the flag, which depends on the result of port state inspections done on vessels carrying the flag. One open-source registry is the Paris MOU, which ranks and classifies flags according to a white, grey and black-list approach. For more information, please see Paris MoU White, Grey and Black List.

An additional key factor ensuring that vessels are constructed and operated in accordance with relevant regulations is the classification societies. Besides establishing and maintaining technical standards for both the construction and operation of vessels, classification societies carry out surveys to safeguard compliance with relevant standards. For more information on the role of classification societies, please see more information from the International Association of Classification Societies.

Section A:
General overview of answers

Below you can find high-level findings regarding material topics, sub-topics and sub-sub-topics based on the 16 survey respondents who answered the survey. As mentioned previously in the paper it is important to note that due to the iterative nature of the DMA process, with continuing reviews and updates, this data represents a snapshot in time and the results might differ somewhat from the results the companies are currently operating with.

In the remainder of the paper, we will go through each topic with corresponding sub- and sub-sub-topics and explore the data in more depth. While trying to ensure a reasonable degree of anonymity among the respondents we will highlight the instances where there were noticeable differences across segments. When there were no discernable differences across segments we will keep the explanations segment-agnostic. Based on the dominance of respondents from the offshore service and deep sea segments the differences are primarily related to these two, alongside some topics which were primarily material for the one short sea company that participated in the project.

There are naturally a range of arguments and reasons for why certain sustainability topics are material for some companies and not for others. While we try to give some examples of these arguments and reasons, we cannot provide an exhaustive list in this paper. Rather, we have tried to highlight the most common arguments and reflections picked up in the course of the project, alongside some reflections based on patterns we see in the dataset.

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[5]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E1 Climate change	16		• Climate change mitigation: 16 • Energy: 14 • Climate change adaptation: 13	No sub-sub-topics listed in the ESRS
E2 Pollution	15	1	• Pollution of air: 14 • Pollution of water: 13 • Substances of concern: 4 • Substances of very high concern: 2 • Pollution of soil: 2 • Pollution of living organisms and food resources: 3 • Microplastics: 2 • *Entity specific:* Noise Pollution: 3[6]	No sub-sub-topics listed in the ESRS
E3 Water and marine resources	1	15	• Water: 1	• Water consumption: 1 • Water withdrawals: 0 • Water discharges: 0 • Water discharges in the oceans: 1
			• Marine Resources material: 0	• Extraction and use of marine resources: 0
E4 Biodiversity and ecosystems	9	7	• Direct impact drivers of biodiversity loss: 6	• Climate Change: 3 • Land-use change, fresh water-use: change and sea-use change: 1 • Direct exploitation: 0 • Invasive alien species: 5 • Pollution: 1 • Others
			• Impacts on the state of species: 5	Examples: • Species population size: 3 • Species global extinction risk: 1
			• Impacts on the extent and condition of ecosystems: 3	Examples: • Land degradation: 0 • Desertification: 0 • Soil sealing: 0 • *Entity specific*: Seabed change: 1
			• Impacts and dependencies on ecosystem services: 2	NA

5 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.
6 One of the respondents who had identified noise pollution as a material entity-specific topic had considered it as a topic under E4: Biodiversity and Ecosystems.

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[5]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E5 Resource use and circular economy:	10	6	• Resources inflows, including resource use: 7 • Resource outflows related to products and services: 5 • Waste: 7	No sub-sub-topics listed in the ESRS
S1: Own workforce	16		• Working conditions: 16	• Secure employment: 9 • Working time: 8 • Adequate wages: 6 • Social dialogue: 4 • Freedom of association, the existence of works councils and the information, consultation and participation rights of workers: 5 • Collective bargaining, including rate of workers covered by collective agreements: 4 • Work-life balance: 6 • Health and safety:14
			• Equal treatment and opportunities for all: 16	• Gender equality and equal pay for work of equal value: 11 • Training and skills development: 10 • Employment and inclusion of persons with disabilities: 4 • Measures against violence and harassment in the workplace:10 • Diversity: 9
			• Other work-related rights: 9	• Child labor: 3 • Forced labor: 3 • Adequate housing: 3 • Privacy: 7
			Entity specific: Positive impact of own training (X's cadette academy): 1 *Entity specific:* Restriction of movement: 1	NA

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[5]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
S2: Workers in Value Chain	16		• Working conditions: 15	• Secure employment: 5 • Working time: 8 • Adequate wages: 9 • Social dialogue: 2 • Freedom of association, including the existence of work councils: 4 • Collective bargaining: 3 • Work-life balance: 3 • Health and safety: 12
			• Equal treatment and opportunities for all: 8	• Gender equality and equal pay for work of equal value: 6 • Training and skills development: 4 • The employment and inclusion of persons with disabilities: 5 • Measures against violence and harassment in the workplace: 5 • Diversity: 5
			• Other work-related rights: 12	• Child labor: 8 • Forced labor: 12 • Adequate housing: 4 • Water and sanitation: 0 • Privacy: 2
S3: Affected communities		16	• Communities' economic, social and cultural rights: 0	• Adequate housing: 0 • Adequate food: 0 • Water and sanitation: 0 • Land-related impacts: 0 • Security-related impacts: 0
			• Communities' civil and political rights: 0	• Freedom of expression: 0 • Freedom of assembly: 0 • Impacts on human rights defenders: 0
			• Rights of indigenous peoples: 0	• Free, prior and informed consent: 0 • Self-determination: 0 • Cultural rights: 0

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[5]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
S4: Consumers and end- users	1	15	• Information-related impacts for consumers and/or end-users: 0	• Privacy: 0 • Freedom of expression: 0 • Access to (quality) information: 0
			• Personal safety of consumers and/ or end-users: 1	• Health and safety: 1 • Security of a person: 0 • Protection of children: 0
			• Social inclusion of consumers and/ or end-users: 0	• Non-discrimination: 0 • Access to products and services: 0 • Responsible marketing practices: 0
G1: Business conduct	16		• Corporate culture: 12	No sub-sub-topics listed in the ESRS
			• Protection of whistle-blowers: 8	No sub-sub-topics listed in the ESRS
			• Animal welfare: 0	No sub-sub-topics listed in the ESRS
			• Political engagement and lobbying activities: 3	No sub-sub-topics listed in the ESRS
			• Management of relationships with suppliers including payment practices: 12	No sub-sub-topics listed in the ESRS
			• Corruption and bribery: 15	• Prevention and detection including training: 13 • Incidents: 11
			Entity specific: Cyber Security: 4 *Entity specific:* Ship recycling: 1	

Section B: **Environmental**

ESRS E1: Climate change

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[7]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E1 Climate change	16		• Climate change mitigation: 16 • Energy: 14 • Climate change adaptation: 13	No sub-sub-topics listed in the ESRS

7 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

All respondents have assessed E1: Climate change to be a material topic and there were no marked differences between segments. Considering the shipping industry accounts for about 2-3 % of world GHG emissions and the financial ramifications of moving towards net-zero as a hard to abate industry, this is hardly surprising. Furthermore, there are a range of climate-related regulations the industry needs to abide by, as listed below.

When it comes to which sub-topics were found material amongst the respondents, it is worth noting that 11 of the respondents found all three sub-topics material. One reason given for this is that separating mitigation, adaptation and energy is difficult seeing the topics interlink and affect each other.

When drilling down on each separate sub-topic, we see that all respondents consider climate change mitigation material. Considering the considerable attention in the industry regarding reducing greenhouse gas emissions (see more information below), this cannot be seen as unexpected. Besides climate change mitigation, the sub-topic energy was found to be material by 14 respondents, with sub-topic climate change adaptation following suit with 13 respondents finding it material. The sub-topic energy is closely associated with mitigation, seeing as reducing energy consumption or using renewable energy sources directly impact the companies' GHG emissions. Furthermore, companies' relation to the energy sector is noted as an important factor, as some companies' business models are closely linked to the O&G industry.

In regard to adaptation, we see that slightly fewer companies had marked this sub-topic as material. One of the reasons given for adaptation not being a material sub-topic is that it is seen as a process of adjustment, which has limited direct impact on current operations and is seen as more future oriented. Furthermore, in certain segments directly

related to the O&G-industry, adaptation could effectively mean a change of the entire business model and operations. Conversely, an argument for identifying adaptation as a material sub-topic is the potential financial effects adaptation could have in the medium to long term for companies.

One issue raised by the NSA members related to the work with CSRD-reporting, is the question of whether to report GHG emissions according to the operational control method or financial control method (see GHG Protocol for more information) for time charter agreements. More specifically, this relates to who should report the emissions from vessels as scope 1 and scope 3 in the GHG accounting, the shipowner (financial control) or the charterer (operational control).

Previously, the NSA has advised its members to follow the operational control method. Following this method, emissions emitted during the charter period are considered Scope 1 emissions for the charterer, while the shipowner accounts for these emissions as Scope 3 emissions. The reason for this is that the entity with operational control dictates the vessel's operating policies, including vessel speed. The charterer also covers fuel costs. Vessel speed directly impacts fuel consumption, which again affects CO_2 emissions. e.g. reducing speed will decrease the use of fuel, which again leads to reduced CO_2 emissions.

ESRS E1 is not fully clear on whether financial or operational control should take precedence. However, in an EFRAG clarification related to GHG accounting and financial vs. operational control they state that:

> *"The compatibility of ESRS with the GHG Protocol has been clarified: the GHG Protocol provides different options. ESRS E1 adopts a financial control approach, which is one of the possible approaches of the GHGP, and the datapoint in ESRS E1 paragraph 50(a) corresponds to the amount of Scope 1 and Scope 2 emissions under the GHGP's financial control approach. However, ESRS E1 requires adding to this amount the GHG emissions of sites, assets and entities under operational control that are not included in the financial statements (datapoint in ESRS E1 paragraph 50(b))"* (see Feedback Statement IG 2 Value chain, p.8).

For certain industries, such as shipping and offshore services, this enhances the possibility of double accounting of scope 1 emissions, which is in direct contradiction to the guidelines outlined in the GHG protocol. We see this as highly unfortunate and have stressed this in our feedback to EFRAG.

For more information on the status for NSA members work related to climate change, please see:

- The NSA Climate Report (In Norwegian only)
- The NSA Maritime Outlook

Useful guidance related to industry-specific regulations and initiatives related to climate change:

IMO's Net Zero Framework (NZF)

IMO is strengthening its climate regulations to align with its 2023 IMO Greenhouse Gas (GHG) Strategy, which aims to achieve net-zero emissions from international shipping by around 2050.

In April 2025, IMO approved the Net Zero Framework (NZF) — a landmark agreement that will introduce both technical and economic measures to reduce emissions from global shipping. The final adoption of the framework is expected in October 2025, with entry into force planned for 2027.

The framework consists of a global fuel standard based on a two-tier system that sets both a baseline reduction trajectory and a stricter compliance target, gradually lowering the greenhouse gas intensity of marine fuels over time.

For more information, visit IMO's Climate Action page

IMO's Carbon Intensity Indicator (CII) Regulation

The Carbon Intensity Indicator (CII) is an IMO regulation designed to reduce GHG emissions from existing ships by assessing and improving their operational efficiency. It applies to ships over 5,000 gross tonnage (GT) engaged in international trade and has been in effect since January 1st, 2023 under MARPOL Annex VI.[8]

The CII measures a ship's annual CO_2 emissions per unit of transport work (grams of CO_2 per deadweight ton-mile) and assigns it a rating from A (best) to E (worst). Ships rated D for three consecutive years or E for one year must submit a corrective action plan.

CII requirements will tighten annually by ~2 %, making it crucial for shipowners to implement long-term decarbonization strategies.

For more details, visit: IMO's Improving the energy efficiency of ships page

IMO's Energy Efficiency Design Index (EEDI) Regulation

The Energy Efficiency Design Index (EEDI) is an IMO regulation aimed at improving the energy efficiency of new ships and reducing greenhouse gas emissions. It applies to newbuild ships of 400 gross tonnage (GT) and above and has been mandatory since 2013 under MARPOL Annex VI.

EEDI sets a minimum energy efficiency level (grams of CO_2 per ton-mile) that ships must meet, encouraging the use of fuel-efficient technologies, optimized hull designs, and alternative propulsion systems. The required efficiency levels tighten in phases, making each new generation of ships progressively more fuel-efficient. [9]

For more details, visit: IMO's Improving the energy efficiency of ships page

IMO's Energy Efficiency Existing Ship Index (EEXI) Regulation

The Energy Efficiency Existing Ship Index (EEXI) is an IMO regulation designed to improve the energy efficiency of existing ships and reduce greenhouse gas emissions. It applies to ships of 400 gross tonnage (GT) and above engaged in international trade and came into force on January 1st, 2023, under MARPOL Annex VI.[10]

EEXI sets a one-time technical efficiency standard based on a ship's design and installed power, similar to the Energy Efficiency Design Index (EEDI) but applied to existing vessels. Ships

8 For more information on which vessels are included in the regulation, please see: EEXI and CII - ship carbon intensity and rating system

9 For more information on which vessels are included in the regulation, please see: Improving the energy efficiency of ships

10 For more information on which vessels are included in the regulation, please see: EEXI and CII - ship carbon intensity and rating system

must calculate their EEXI value and demonstrate compliance with the required efficiency threshold.

For more details, visit: IMO's Improving the energy efficiency of ships page

IMO's Guidance on Black Carbon Emission Reduction in the Arctic

IMO has issued guidance on best practices for reducing Black Carbon (BC) emissions from ships operating in the Arctic. Black Carbon, produced by incomplete combustion of marine fuels, accelerates ice melt and contributes to climate change.

The guidance provides recommendatory goal-based measures, including:

- Using cleaner fuels, such as distillates or alternative low-emission fuels.
- Improving engine efficiency to optimize combustion and reduce particulate emissions.
- Implementing emission control technologies, like diesel particulate filters.
- Monitoring and reporting BC emissions to assess effectiveness and improve reduction strategies.

The goal is to encourage voluntary adoption of best practices while IMO considers further regulatory measures to mitigate Black Carbon's impact on the Arctic.

For more details, visit: ANNEX 2 RESOLUTION MEPC.393(82)

FuelEU Maritime

FuelEU Maritime is an EU regulation designed to reduce greenhouse gas emissions from shipping by promoting the use of cleaner fuels. It sets increasingly stringent limits on the GHG intensity of energy used onboard ships, encouraging the transition to low- and zero-emission fuels.

The regulation applies to ships over 5,000 GT calling at EU ports and will be phased in from 2025, with progressively stricter targets leading up to 2050. Compliance can be achieved through using alternative fuels (e.g., biofuels, hydrogen, ammonia, or methanol), onboard energy efficiency measures such as wind assisted propulsion, or by pooling compliance with other ships. 11

Find the regulatory text and guidance at: FAQ: FuelEU Maritime Regulation

European Union Emissions Trading System (EU ETS)

The European Union Emissions Trading System (EU ETS) is a cornerstone of the EU's strategy to combat climate change, operating on a "cap and trade" principle to limit greenhouse gas emissions. As of January 1st, 2024, the EU ETS has been extended to include the maritime sector, encompassing ships over 5,000 gross tonnage (GT) that operate within EU ports. This inclusion mandates that shipping companies monitor, report, and verify their CO_2 emissions and purchase allowances corresponding to their emissions. The system is designed to incentivize the reduction of emissions by assigning a cost to CO_2 output. The implementation is phased, starting with covering 40 % of emissions in 2024, increasing to 70 % in 2025, and reaching 100 % by 2026. 12Find the regulatory text and guidance at: FAQ – Maritime transport in EU Emissions Trading System (ETS)

11 For more information on which segments/vessels are included in the regulation, please see "Article 2 – Scope" here: Questions and Answers on Regulation (EU) 2023/1805 on the use of renewable and low-carbon fuels in maritime transport, and amending Directive 2009/16/EC

12 For more information on when different vessel types will be included in the regulation, please see "Timing & scope" FAQ – Maritime transport in EU Emissions Trading System (ETS)

Other non-regulatory initiatives of relevance:

The Poseidon Principles

The Poseidon Principles are a global framework for responsible ship finance, aligning lending decisions in the maritime sector with the IMO's climate goals. They were introduced in 2019 by leading banks and financial institutions to ensure that shipping investments support the industry's decarbonization efforts.

The principles require participating financial institutions to measure and disclose the carbon intensity of their shipping portfolios, comparing them against IMO's trajectory for reducing GHG emissions.

For more details, visit: https://www.poseidonprinciples.org/

Science Based Targets Initiative (SBTi) for Maritime Transport

The SBTi provides guidance for maritime companies to set emission reduction targets in line with the Paris Agreement's goal of limiting global warming to 1.5°C. It emphasizes the need for the maritime industry to scale up climate action, aiming for a 45 % reduction in CO_2 emissions by 2030 and reaching net-zero by 2040. [13]

For more information, visit: https://sciencebasedtargets.org/sectors/maritime-sector

13 Note that the SBTi has set certain criteria and thresholds related to fossil fuel activities that companies aspiring to join the SBTi must adhere to. For more information see "What is the SBTi's policy on fossil fuel companies?" here: FAQs

ESRS E2: Pollution

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E2 Pollution	15	1	• Pollution of air: 14 • Pollution of water: 13 • Substances of concern: 4 • Substances of very high concern: 2 • Pollution of soil: 2 • Pollution of living organisms and food resources: 3 • Microplastics: 2 • *Entity specific:* Noise Pollution: 3[14]	No sub-sub-topics listed in the ESRS

14 One of the respondents who had identified noise pollution as a material entity-specific topic had considered it as a topic under E4: Biodiversity and Ecosystems.

A large majority of the respondents found topic E2: Pollution material, with only one company stating that the topic is not material. This one company explained that as it is a ship owning entity with no operational control over its vessels, it considered that it is the charterer/ship manager operating the vessels who will have control of the impacts related to pollution from vessels.

Out of the 15 companies that found Pollution material the majority found both sub-topic pollution of air (14) and sub-topic pollution of water (13) material. In terms of differences between segments, we see that only offshore service companies did not find the two sub-topics material. Both topics are well-known risks in relation to shipping and also covered by international regulation through the IMO MARPOL-regulation.

In relation to air pollution, SOx, NOx and particulate matter (PM) emissions are of particular importance, but potential gas slips (from for example LNG/LPG vessels or rigs) is also seen as relevant within this sub-topic. When it comes to pollution of water, ballast water management and water discharges are mentioned as reason for deeming the topic material, alongside more segment specific reasons such as potential oil spills.

When it comes to the remaining five sub-topics, we see a greater diversification of whether companies deemed a topic material. Based on the dataset, we see few patterns based on which segment the company operates in, besides for sub-topic pollution of soil where both companies listing this as material operate in the deep sea segment.

One interesting finding relates to sub-topic pollution of living organisms and food resources, as both respondents who found this sub-topic material did not deem topic E4: Biodiversity and ecosystems material. One of these two companies mentioned in an interview that they had chosen to include relevant biodiversity-related impacts in this sub-topic rather than factoring them as impacts under E4, while the other mentioned that they found that ballast water (and the potential for introducing invasive species) is the action/reason for impacts related to pollution of living organisms and food resources and hence found it more fitting to include under E2.

In addition to the sub-topics listed in the ESRS, three companies have found the entity specific topic noise pollution material. Here we also see a similar pattern, where two companies have listed this as an entity specific topic under E2, while one respondent determined it as an entity specific topic under E4. This illustrates an interesting point, which is the difficulty in determining where an IRO “belongs” in the current ESRS. This is especially relevant regarding E2 and E4, where some have considered the action/reason (in this case pollution) as the focal point for determining a material issue while others have viewed the impact (in this case impacts on biodiversity and ecosystems) as the central point to report on. As such, it is possible that more companies than the ones who stated yes to finding E4: Biodiversity and ecosystems material have material IROs related to E4, but they are reported on under the E2 chapters of their reports.

Another point which was raised in some of the interviews, is that although companies have data on some of the relevant reporting metrics, there are quite some areas where accurate or complete data is lacking, which makes it difficult to estimate potential impacts. For some companies, this will lead them to deem a topic or sub-topic not material (there are as of now no red flags), while for others the lack of data/knowledge is the reason why they have deemed a topic material. As an example of how

increased knowledge can impact the materiality assessment, one company stated in an interview that they initially found substances of very high concern material. However, after investigating further and increasing their understanding and knowledge about the topic they found that it no longer was material. This underscores the point that as the companies gain more knowledge and understanding of a diverse set of sustainability topics going forward, the topics they find material (or not material) might change over time.

Useful guidance related to industry-specific regulations and initiatives related to pollution

Shipping is subject to a comprehensive set of international regulations aimed at protecting the environment. The International Convention for the Prevention of Pollution from Ships (MARPOL) is one of the most significant international marine environmental conventions.

The Convention aims to minimize pollution of the seas, including dumping, oil, and exhaust pollution. It consists of six technical Annexes, each addressing different sources of ship-generated pollution.

- Annex I deals with the prevention of pollution by oil, hereunder regulations for the construction and operation of ships.
  - The annex covers prevention of pollution from both operational measures and from accidental discharges.
- Annex II addresses the control of pollution by noxious liquid substances in bulk, setting out guidelines for the discharge of these substances.
  - Lists discharge criteria and measures related to controlling pollution by noxious liquid substances carried in bulk.
  - Associated code: International Bulk Chemical Code - IBC Code
- Annex III focuses on the prevention of pollution by harmful substances carried by sea.
  - Details general requirements for the issuing of detailed standards on packing, marking, labelling, documentation, stowage, quantity limitations, exceptions and notifications.
  - Associated code: The International Maritime Dangerous Goods code - IMDG Code
- Annex IV deals with the prevention of pollution by sewage from ships.
  - Contains requirements related to pollution of the sea by sewage, to control discharge of sewage into the sea (which is prohibited unless certain criteria are met).
  - Associated recommendation: Recommendation on standards for the rate of discharge of untreated sewage from ships (resolution MEPC.157(55)).
- Annex V addresses the prevention of pollution by garbage from ships.
  - Includes a complete ban regarding the disposal of all forms of plastics into the sea.
  - Also includes requirements for governments to ensure adequate reception facilities for garbage at ports and terminals.
  - Guidelines for the implementation of MARPOL Annex V, (a living document): 2017 Guidelines for the Implementation of Marpol Annex V
- Annex VI, the most recent addition, focuses on the prevention of air pollution from ships.
  - Within Annex VI, limits regarding the emissions of sulphur oxide and nitrogen oxide from ship exhausts are set, alongside the prohibition of deliberate emissions of ozone depleting substances. Furthermore, designated emission control areas set more stringent standards for SOx, NOx and particulate matter. Lastly, it covers mandatory technical and operational energy efficiency measures with the aim

of reducing greenhouse gas emissions from ships.
- Associated code: NOx Technical Code (2008)

Compliance with MARPOL regulations is mandatory for all ships flagged by signatory states and for ships operating in the waters of these states. Enforcement is carried out through inspections and surveys conducted by flag states and port states. Ships found to be non-compliant can face penalties, including fines and detention.

Please find more information from IMO here: International Convention for the Prevention of Pollution from Ships (MARPOL)

ESRS E3: Water and marine resources

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[15]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E3 Water and marine resources	1	15	• Water: 1	• Water consumption: 1 • Water withdrawals: 0 • Water discharges: 0 • Water discharges in the oceans: 1
			• Marine Resources material: 0	• Extraction and use of marine resources: 0

15 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

Out of the 16 respondents only one company found E3: Water and marine resources material. The primary reasons for this topic not being seen as material for most respondents is twofold 1) the standards focus on fresh water (as opposed to seawater) and 2) IROs which could have been identified as material under this topic were often considered as a "better fit" within topic E2: Pollution or E4: Biodiversity and ecosystems. As such, issues related to for example ballast water management and treatment are considered more appropriately covered under other topics.

It should be mentioned that this is one of the topics where we have seen the respondents change their perception of materiality throughout the DMA process. When the initial survey was finalized in October 2024, four companies had listed this topic as material[16]. However, as they gradually gained a deeper understanding of the standard and what it entailed, it became clear that issues previously considered related to E3 were more accurately covered in other environmental standards.

The one company that found E3 material is operating within the short sea segment as a passenger and goods transport company, and some of its vessels/routes include overnight stays

16 One of the companies who answered yes noted: "Currently reviewing this for materiality"

for passengers. As they transport passengers for a longer time period and the vessels function as a hotel for passengers during their stay the company has a noteworthy consumption of fresh water, for example in relation to showers and other amenities, with corresponding water discharges from its vessels. The company notes that it will consider the topic vis-à-vis other industries in which it is natural to compare its operations in the coming years.

Lastly, it is worth noting that E3 is not necessarily material for all passenger and ferry/cruise companies. A distinction must be made between companies where passengers are staying on the vessels for a longer period of time, meaning at least for one night, and vessels that provide shorter ferry-crossings (such as for example along the coast of Norway).

ESRS E4: Biodiversity and ecosystems

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[17]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E4 Biodiversity and ecosystems	9	7	• Direct impact drivers of biodiversity loss: 6	• Climate Change: 3 • Land-use change, fresh water-use: change and sea-use change: 1 • Direct exploitation: 0 • Invasive alien species: 5 • Pollution:1 • Others:
			• Impacts on the state of species: 5	Examples: • Species population size: 3 • Species global extinction risk: 1
			• Impacts on the extent and condition of ecosystems: 3	Examples: • Land degradation: 0 • Desertification: 0 • Soil sealing: 0 • *Entity specific*: Seabed change: 1
			• Impacts and dependencies on ecosystem services: 2	NA

17 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

This is one of the topics where we see the clearest divide amongst the respondents, where nine companies have stated that E4 is material while seven have not found it material. In this topic we also see a distinction between segments, where five out of six deep sea companies have found the topic material, while only three of the eight offshore service companies have found the topic material. The last respondent to find the topic material was within the offshore contractors' segment. This is also one of the topics where respondents changed their evaluation of whether the topic was material throughout the project-period, with three respondents changing the topic from not material to material / material to not material.

When it comes to materiality of sub-topics, we see that there is a greater spread in terms of which sub-topics are found material than in many of the other standards. However, one main reason for the respondents finding E4 material is invasive alien species, which is a well-known issue within the industry (see more information on the IMO ballast water treatment regulation below). Other issues include impact on marine mammals or indirectly contributing to biodiversity and ecosystem impacts by GHG emissions and contributions to climate change.

Considering the many sub-sub-topics with a low number of respondents finding them material, we will not delve deeper into these in this paper. We will however make note of the entity-specific topic "seabed change" which one respondent had found to be material. This respondent operates within the offshore contractor segment of our membership base, and as such this is not necessarily representative for companies operating in other shipping segments.

In regard to why E4 was not considered material by our respondents, some explanations emerged in the interviews. One of the reasons given was that the material impacts were covered under standards E2 or E1, meaning that impacts on biodiversity and ecosystems were seen as indirect effects by the direct negative impacts identified in E1 and E2. This follows along the lines of the issue raised in chapter E2 on pollution, noting that there are some differences in how companies approach an impact, and whether it is the action/reason (pollution) or the impact itself (in this case, impacts on biodiversity and ecosystems) that is the determining factor for finding an issue material. Another reason given was the lack of knowledge and data on the subject, where one respondent noted that they had not finalized a biodiversity risk assessment and as such did not have a full overview of the potential impacts. The respondent noted though, that such a risk assessment could change how they evaluated the topic.

A last point worth mentioning was made by one of the companies who had listed E4 as material. They had found that the E4 standard is generally not well tailored for the shipping and maritime industries. This is corroborated by another respondent (who did not find E4 material), who noted that besides a lack of knowledge they did not find the sub-topics relevant to report on.

Useful guidance related to industry-specific regulations and initiatives related to biodiversity and ecosystems:

The International Convention for the Control and Management of Ships' Ballast Water and Sediments – BWM Convention

The aim of the BWM Convention is to establish standards and protocols pertaining to the management and control of vessel's ballast water and sediments systems, in order to prevent the

spread of harmful aquatic organisms across different regions of the world.

For more details on associated BWMS code and related guidelines:

- IMO's International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM)
- Compilation of relevant Guidelines and guidance documents - December 2024.pdf

IMO's Biofouling Guidelines

IMO's non-mandatory Biofouling Guidelines provide recommendations for minimizing the accumulation of aquatic organisms on ship hulls and underwater structures.

Adopted in 2011, and revised in 2023, the guidelines promote best practices for biofouling management, including: Hull coatings and cleaning strategies to prevent excessive growth; Inspection and maintenance procedures for ships and niche areas (e.g., sea chests and propellers); Biofouling Management Plans and Records to document preventive measures.

For more details, visit IMO's Biofouling Management Page.

IMO's Underwater Radiated Noise (URN) Guidelines

IMO's Underwater Radiated Noise (URN) Guidelines aim to reduce noise pollution from ships, which can negatively impact marine life, particularly marine mammals and fish that rely on sound for communication, navigation, and foraging.

First issued in 2014 and revised in 2023, the guidelines provide voluntary measures for shipowners, designers, and operators to minimize underwater noise emissions. Key recommendations include: Optimizing hull and propeller design to reduce cavitation (a major noise source); Improving operational practices, such as speed reduction in sensitive areas; Using onboard noise monitoring and adopting quiet ship technologies.

For more details, visit IMO's Underwater Noise Page.

Guidelines on designating a "particularly sensitive sea area" (PSSA)

Particularly Sensitive Sea Area (PSSA) is an area that due to its ecological, socio-economic or scientific significance needs special protection as it may be vulnerable to damage by international maritime activities. In the instance an area is approved as a particularly sensitive sea area, additional measures can be implemented to control the maritime activities in the given area.

For more details, visit IMO's Particularly Sensitive Sea Areas.

TNFD sector specific guideline: Marine transportation and cruise lines

The Taskforce on Nature-related Financial Disclosures has in 2025 worked on developing a set of sector specific guidelines for Marine transport and cruise lines. More information about this guideline can be found here: Additional sector guidance – Marine transportation and cruise lines

ESRS E5: Resource use and circular economy

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[18]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
E5 Resource use and circular economy:	10	6	• Resources inflows, including resource use: 7 • Resource outflows related to products and services: 5 • Waste: 7	No sub-sub-topics listed in the ESRS

18 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

This is another topic where we see that the respondents are divided, with 10 respondents concluding the topic is material, while six respondents have not found it material. Here we can note that five out of eight offshore service companies find it material, while the six respondents from the deep sea segment are equally split with three finding it material and three finding it not material. This is also a topic where we find that respondents find different sub-topics relevant, with a relatively even distribution of respondents finding each of the three sub-topics material.

When it comes to resource inflows, including resource use, the respondent's newbuilding programs and plans for commissioning new vessels were an important factor for whether the sub-topic was deemed material or not. An additional reason noted for not finding the sub-topic material came from one respondent, who reasoned that due to its rather fragmented supply chain with many suppliers supplying small quantities of goods (as opposed to an industrial company who buys large quantities of a specific raw material to use in its operations) this is not material.

A common factor for why sub-topic resource outflows related to products and services is found material or not material, is whether the respondent had recycled or not recycled a vessel in the reporting year, and whether it plans to do so in the coming years. Hence, it seems like this is a sub-topic that can change from material to not material relatively frequently depending on companies' decommissioning plans, even though many companies have internal guidelines and procedures in place for recycling vessels in a responsible manner. Furthermore, recycling of vessels is regulated through both the EU Ship Recycling Regulation and the Hong Kong Convention, see more information below.

When it comes to sub-topic waste, it is worth noting that there are some overlaps with this sub-topic and E2: Pollution. In one interview a respondent differentiated the two by defining that waste under E2 was the pollution that stems from waste while waste under E4 pertained to the generation of waste itself. Another respondent stated that the sub-topic was not material, and in dialogue with its auditor it had agreed that potential impacts were best described under E2. A third respondent

had found waste material, partially as it found this was an issue where it had a positive impact as it actively collects waste it finds in the ocean.

Useful guidance related to industry-specific regulations and initiatives related to Resource use and circular economy:

Ship Recycling

When it comes to ship recycling, there are primarily three regulatory frameworks which are relevant for the shipping and offshore industries. These are outlined below, and it is important to note the overlap between the different conventions and regulations.

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships

The Hong Kong Convention entered into force June 26th, 2025, and is a milestone in working towards safe and environmentally sound recycling of ships. The Convention has a global reach and sets requirements for shipping companies that sell ships for recycling, shipyards that dismantle the vessels, and authorities in the countries where the ships are to be recycled.

For more information, please see:

- IMO: Recycling of ships and the Hong Kong Convention
- IMO: The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships

EU Ship Recycling Regulation (EUSRR)

Adopted in 2013, the EU's Ship Recycling Regulation was a direct response to lacking international regulation of ship recycling with general date of application starting from December 31st, 2018. The regulation applies to EU/EEA flagged vessels above 500 GT and requires that these vessels are recycled in yards listed on the EU approved list of recycling facilities. In addition, all EU/EEA flagged and non-EU-flagged ships either anchoring or calling at an EU port must carry an Inventory of Hazardous Materials. Even though the Hong Kong Convention entered into force in June 2025, the EUSRR remains in force.

For more information, please see:

- European Commission: EU Ship Recycling Regulation: Evaluation and list update
- European Commission: Ships
- DNV: IHM and ship recycling

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes

The Basel Convention entered into force in 1992 and regulates the transboundary movements of hazardous waste and other wastes. Currently, there are 191 countries who are parties to the Convention. The Ban amendment, which entered into force in 2019, forbids the export of hazardous waste from OECD- countries to non-OECD countries. Although not specifically developed to regulate ship recycling, the Convention is still applicable to the shipping and offshore industries given that vessels usually contain hazardous materials and at the end of their life the vessels are considered waste.

For more information, please see:

- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal: webpage
- More information on The Basel Convention Ban Amendment: here

Section C: **Social**

ESRS S1: Own workforce

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[19]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
S1: Own workforce	16		• Working conditions: 16	• Secure employment: 9 • Working time: 8 • Adequate wages: 6 • Social dialogue: 4 • Freedom of association, the existence of works councils and the information, consultation and participation rights of workers: 5 • Collective bargaining, including rate of workers covered by collective agreements: 4 • Work-life balance: 6 • Health and safety: 14
			• Equal treatment and opportunities for all: 16	• Gender equality and equal pay for work of equal value: 11 • Training and skills development: 10 • Employment and inclusion of persons with disabilities: 4 • Measures against violence and harassment in the workplace: 10 • Diversity: 9
			• Other work-related rights: 9	• Child labor: 3 • Forced labor: 3 • Adequate housing: 3 • Privacy: 7
			Entity specific: Positive impact of own training (X's cadette academy): 1 *Entity specific:* Restriction of movement: 1	

19 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

All respondents found S1: Own workforce material, alongside sub-topics working conditions and equal treatment and opportunities for all. Regarding the third sub-topic, other worker-related rights, nine respondents marked this as material, with no discernible difference amongst segments. We will not deep dive into each and every sub-sub-topic under S1, both because of the sheer number of sub-sub-topics but also because they were not all discussed at lengths during the interviews.

In regard to sub-topic working conditions, we see that all 14 respondents for which we have data on sub-sub-topics level listed health and safety as a material topic. Considering that the shipping and offshore industries are generally higher risk industries in relation to health and safety, this is not particularly surprising. When it comes to the other sub-sub-topics, we see differences in the respondents' approach to the sub-sub-topics listed and what factors have been central in judging which sub-sub-topics are material. One argument for why several of the sub-sub-topics were found material was that they are well regulated by law, noting that several organizations such as port states are involved in ensuring compliance. However, another respondent found the same argument a reason for not judging many of the same sub-sub-topics material. This highlights the differences in approaches and factors influencing whether a topic is deemed material or not.

Looking more closely at sub-topic equal treatment and opportunities for all, we see that the four sub-sub-topics related to 1) gender equality, 2) measures against violence and harassment, 3) diversity and 4) training and skills development are all seen as material by a slight majority of the respondents. In regard to the first three, this can be seen as a result of the industry acknowledging the need for a more gender balanced industry, seeing the status quo of seafarers being predominantly male. This is an issue the industry is well aware of, and attracting more women to work in the maritime cluster is high on the maritime industry's agenda. When it comes to training and skills development, this sub-sub-topic can generally be seen as material due to, amongst other, strict requirements for safety on board vessels where continuous training is required to maintain high standards. The last sub-sub-topic, employment and inclusion of persons with disabilities, is only found material by four of the respondents. Considering the relatively high degree of materiality found for the other sub-sub-topics this might seem strange at first glance. However, one of the reasons given for the non-materiality of this sub-sub-topic is the strict requirements laid out in law regarding who can work aboard vessels, which effectively exclude certain segments of the population. As such, there are limitations as to what companies can do in terms of promoting employment and inclusion of persons with disabilities amongst the employees working at sea.

When it comes to the last sub-topic other work-related rights, privacy is the sub-sub-topic the most respondents have found material. This can be seen as a response to seafarer's rights to privacy living onboard vessels for a longer period of time, and the handling of large amounts of employee data. For the remaining sub-sub-topics, three respondents had found each sub-sub-topics material. One argument made for why adequate housing was found important was the fact that seafarers live onboard vessels for longer periods of time. When it comes to child labor and forced labor, we see that two out of the three respondents who have found the sub-sub-topics material had listed more or less all sub- and sub-sub-topics under S1 as material. This is a different approach compared to the majority of the respondents, who have determined a limited number of sub- and sub-sub-topics material.

Based on the dataset and interviews there are some general patterns that emerge regarding S1: Own workforce. While for many of the other topics within the ESRS the negative impacts were the determining factor for why a topic, sub-topic or sub-sub-topic were deemed material, potential positive impacts were highlighted by interviewees to a higher extent when it came to S1. Some of the arguments for positive impacts were job creation and employment, promotion of the "Norwegian model" worldwide, or as seen in one of the entity-specific topics found in S1, the positive impacts of own training in relation to one company's cadette academy. One respondent also argued that having a strong focus and record on S1-related issues and the positive impacts it as a company could have on its workforce, was considered a competitive advantage and differentiating factor positively setting it aside from competitors. However, another respondent mentioned in our interview that its auditor had been of the opinion that most impacts within S1 were mainly to be considered potential negative impacts, and as such there seem to be a dissonance in regard to how companies and stakeholders view positive or negative impacts in relation to S1.

One general point of importance in S1 is the differentiation between land-based employees and seafarers. There are clearly many differences between these groups of employees, with the latter being seen as higher risk in relation to several of the sub- and sub-sub-topics, such as health and safety. As such, we see that the risks related to seafarers are often the primary reason for why sub- and sub-sub-topics are deemed material. An example of this is the entity-specific topic of restriction of movement, which is deemed material by one company. The company defined this entity specific topic based on its experiences during covid, where an unfortunate effect of the many national entry restrictions was that many seafarers were not allowed to leave vessels at port and return home to their home countries. However, this is not seen as a particular risk factor when it comes to land-based employees.

One issue raised by NSA members throughout the project period was the distinction between S1: Own workforce and S2: Workers in the value chain with regards to seafarers. Due to shipping specificities such as the many different operational modes (bareboat, time charter etc.), business models (fully integrated company including in-house employment of seafarers vs. having outsourced ship management including employment of seafarers). and contract types (permanent employment contracts vs. voyage specific work contracts), it has not been straight forward defining whether different types of seafarers should be categorized as own employees under S1 or workers in the value chain under S2. This is further complicated when certain functions or services required to operate a vessel, like catering or cleaning, have been outsourced and the workers, who could technically fall within the definition of seafarers, are hired from an outside agency.

This issue is an example of where it clearly would have been beneficial to have industry-specific standards and guidelines tailored to the specificities of the shipping and offshore industries. Considering the ongoing Omnibus process we do not expect EFRAG to develop such guidance in the foreseeable future. The NSA will therefore start a project with the aim of mapping how our members have approached this issue so far and hopefully be able to provide some guidance as to current industry practices in the latter part of 2025.

Useful guidance related to industry-specific regulations and initiatives related to own workforce:

Seafarer protection and rights

The Maritime Labour Convention (MLC) was adopted in 2006 and entered into force in 2013. It replaced and consolidated dozens of international labor standards related to the maritime sector. It is often referred to as the "Seafarers' Bill of Rights" and is a comprehensive international treaty established by the International Labour Organization (ILO).

The MLC sets out minimum standards for the working and living conditions of seafarers, aiming to ensure their rights to decent work globally. It is structured into five main areas: i) minimum requirements for seafarers to work on a ship, ii) conditions of employment, iii) accommodation & recreational facilitation, iv) welfare, healthcare & social security and v) compliance and enforcement.

Signatory states to the MLC must implement the principle of the MLC into national law that meet or exceed the minimum standards set by the convention. Norway has incorporated the MLC mainly through the Norwegian Ship Labour Act (Skipsarbeidsloven) and the Norwegian Ship Safety and Security Act) (Skipssikkerhetsloven) with regulations.

Flag states are responsible for inspecting and certifying ships flying their flag to ensure compliance with the MLC, 2006. Their vessels shall carry a Maritime Labour Certificate. See guidance from the Norwegian Maritime Authority.

Port states have the authority to inspect foreign ships visiting their ports to ensure compliance with the MLC, 2006. If a ship is found to be in violation of the convention, the port state can take corrective actions, including detention of the ship.

States that supply seafarers must ensure that recruitment and placement services operating in their territory comply with the MLC, 2006, ensuring that seafarers are not charged recruitment fees and have access to fair employment practices.

Shipowners engaged in international trade with ships of 500 gross tonnage or more must ensure that the conditions on board their vessels are MLC-complaint (Declaration of Maritime Labour Compliance, cf.). Furthermore, NOR/NIS-registered vessels are required to have applicable collective bargaining agreements (CBAs) covering the wage and working conditions on board the vessel. These agreements will typically regulate conditions as to duration of service & working hours, wages, mobilization & repatriation, social security and compensation and more.

Furthermore, the system of Protection and Indemnity Insurance does also play a significant role. Each vessel subject to the MLC (with 2014 Amendments) are required to have certificates confirming insurance (or other financial security) covering the seafarers in the event their employer fails to honor certain MLC-liabilities, e.g. such as cost and expense of crew repatriation, wages in abandonment situations, contractual claims arising from seafarer personal injury, disability or death and more. More information Gard or Skuld.

Maritime safety requirements

Safety constitutes a core consideration in the international regulation of the maritime industry. The International Convention for the Safety of Life at Sea (SOLAS) is a comprehensive set of regulations aimed at ensuring the safety of merchant ships. It establishes minimum safety standards that are incorporated into national law by the signatory states. Construction and stability of ships are, together with fire protection, life-saving appliances and navigational equipment, key areas for these standards.

SOLAS chapter IX imposes Shipowners to ensure compliance with all safety standards and regulations, including regular training for the crew and continuous monitoring of safety practices. The requirements are set out in the International Safety Management (ISM) Code. At the heart of the ISM Code is the requirement for companies to develop and implement a Safety Management System (SMS). This system must include policies for safety and environmental protection, ensuring that all aspects of ship operation are conducted safely and responsibly.

To verify compliance with the ISM Code, companies must undergo audits and be issued a Document of Compliance (DOC). This document is valid for five years and confirms that the company meets the standards set by the ISM Code. Similarly, each ship must be audited and issued a Safety Management Certificate (SMC), also valid for five years. This certificate verifies that the ship complies with the SMS and operates safely.

The ISM Code also requires the appointment of a Designated Person Ashore (DPA). This individual is responsible for ensuring that the SMS is implemented and maintained effectively. The DPA acts as a link between the ship and the company, providing support and oversight to ensure that safety standards are upheld.

Shipowners and the vessels are subject to regular internal and external audits to ensure ongoing compliance with the SMS.

Furthermore, the International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers (STCW) constitutes another cornerstone for maritime safety by ensuring that seafarers worldwide meet uniform standards of competence. The primary objective of the STCW Convention is to establish minimum requirements for the training and certification of seafarers, together with strict operational requirements as to watchkeeping. It applies to all seafarers serving on seagoing merchant ships.

Specificities for Mobile Offshore Units (MOUs)

It is worth noting that for MOUs the regulatory regime works somewhat differently than for other segments within the shipping and offshore industries. This pertains to the role of the Working Environment Act (Arbeidsmiljøloven) and the Norwegian Petroleum Act (Petroleumsloven)

As described in the white paper "Meld. St. 12 (2017 –2018): Helse, miljø og sikkerhet i petroleumsvirksomheten " p. 13 (freely translated):

> *"The Petroleum Act establishes the framework and overall requirements for safety in Norwegian petroleum activities. The Working Environment Act establishes the overall requirements for the working environment. The more detailed regulation is found in the Working Environment Regulations and the special HSE Regulations for the petroleum activities."*

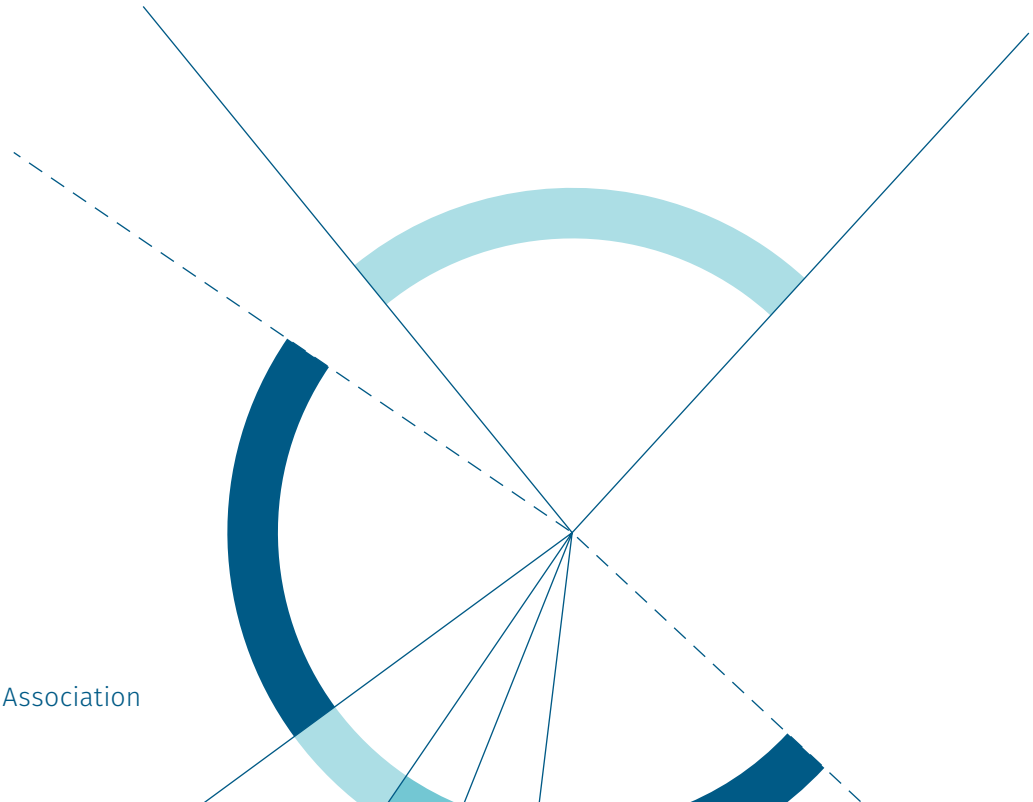
The HSE regulations for the petroleum sector are mainly designed as functional requirements that specify which results are to be achieved, without describing how. As explained on p. 16 in the above mentioned white paper (freely translated):

"The guidelines for the HSE regulations refer, among other things, to various industry standards as ways to meet the requirements of the regulations. The guidelines for the regulations are not legally binding, and the actors can therefore choose other solutions".

However, the solutions need to be considered as of equal quality or better than the standards referred to in the regulations. For mobile offshore units that are registered in a national ship register and follow a maritime operating pattern, maritime regulations can be used as a basis for matters of a maritime nature that are not directly related to the petroleum activities.

See more information:

- The Petroleum Act: Lov om petroleumsvirksomhet [petroleumsloven]
- The Working Environment Act: Act relating to the working environment, working hours and employment protection, etc. (Working Environment Act)



ESRS S2: Workers in the value chain

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[20]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
S2: Workers in Value Chain	16		• Working conditions: 15	• Secure employment: 5 • Working time: 8 • Adequate wages: 9 • Social dialogue: 2 • Freedom of association, including the existence of work councils: 4 • Collective bargaining: 3 • Work-life balance: 3 • Health and safety: 12
			• Equal treatment and opportunities for all: 8	• Gender equality and equal pay for work of equal value: 6 • Training and skills development: 4 • The employment and inclusion of persons with disabilities: 5 • Measures against violence and harassment in the workplace: 5 • Diversity: 5
			• Other work-related rights: 12	• Child labor: 8 • Forced labor: 12 • Adequate housing: 4 • Water and sanitation: 0 • Privacy: 2

20 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

As mentioned at the end of the chapter on S1, an issue raised by NSA members throughout the project period is that in certain instances it is difficult determining whether seafarers should be categorized as own workforce according to standard S1 or workers in the value chain according to standard S2. In order not to confuse the users of this paper, we have chosen to primarily cover matters related to seafarers under chapter S1, while focusing on other known supply chain risks in this chapter. As such, the factors and arguments outlined in this chapter will not cover seafarers specifically, although we know that in at least one instance a respondent has assessed for example cleaning personnel as included in S2 rather than S1. We cannot rule out that some of the other respondents have categorized at least parts of the personnel working on their vessels within the S2 standard, and hence some of the arguments listed in the previous chapter can help explain why certain S2 sub- or sub-sub-topics are deemed material.

With this in mind, we see that all respondents have deemed topic S2 material although there are some differences regarding which sub- and sub-sub-topics are found material. Based on the dataset, there are few clear patterns in terms of what topics are deemed material between different segments besides in relation to sub-topic other work-related rights, where we see that all companies within the deep sea segment have found the sub-topic material, while there is a 50/50 split within the offshore service segment with four companies finding the sub-topic material. We will once again not go through each and every sub-sub-topic in this paper but rather highlight some preliminary findings and observations.

As in many other industries, the shipping and offshore industries have large and complex supply chains with a vast number of suppliers providing a wide range of different goods necessary for the operation of a vessel. Although many companies have similar/the same suppliers in their supply chain there are naturally some differences between segments. A short sea passenger and ferry company will have some specific sourcing needs that are different from, for example, companies operating chemical tankers, whom again will have some unique suppliers not found in the supply chains of companies operating offshore supply / service vessels. Different supply chains have inherently different risks and potential negative impacts, which might help explain some of the differences and spread in the responses we see in relation to material sub-sub-topic.

However, one recurring factor mentioned in our interviews was the risks associated with yards, both regarding building new vessels but also related to dry docking and repairs on vessels throughout the vessels' lifetime. Where these yards are located in the world naturally impact the assessment of risks and potential negative impacts on the workers in the yards, which could help account for some of the differences in which sub- and sub-sub-topics are found to be material. However, health and safety risks in yards is a known issue, and in certain parts of the world with high levels of yard activities forced and bound labor is a prevalent issue, especially related to migrant workers. These factors might help explain why such a high number of respondents find the sub-sub-topics health and safety (12) and forced labor (12) material.

There are, however, other aspects to take into account when considering material issues regarding workers in the value chain. As noted by one respondent, yards used in especially newbuilding projects are often followed up closely in the building process itself, and as such it considered some of the more prominent risks to be found beyond tier one of its supply chains. Another respondent also noted that for them, a factor when determining materiality was the level of control and leverage it had vis-à-vis the supplier, i.e. whether it had the opportunity to influence an issue positively or negatively.

Based on the interviews conducted as a part of the project, it is clear that the companies' earlier work with due diligence and the Norwegian Transparency Act has been of use when working with standard S2. As mentioned by one respondent in an interview, knowledge and understanding of a company's supply chain and supply chain IROs develop over time, and hence which issues are deemed material might change over time.

Useful guidance related to industry-specific regulations and other specificities related to workers in the value chain:

Besides the Norwegian Transparency Act, the CSDDD would impact NSA members as suppliers to large European companies. However, there are few shipping-specific regulations pertaining to due diligence and supply chain issues specifically which have not been covered elsewhere in this paper (like the EU Ship Recycling Regulation / Hong Kong Convention).

There are, however, organizations who have published shipping-specific guidance focusing on mapping and explaining risks in shipping companies supply chains, please see below for examples of reference documents:

- Institute for Human Rights and Business: Shipping: Shipping | Institute for Human Rights and Business (ihrb.org)
- Institute for Human Rights and Business, Rafto Foundation and The Danish Institute for Human Rights: The Ship Lifecycle - Embedding Human Rights from Shipyard to Scrapyard | Institute for Human Rights and Business (ihrb.org)
- Eksfin: https://www.eksfin.no/en/about/sustainability/environment-and-social-risks/

ESRS S3: Affected communities

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[21]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
S3: Affected communities		16	• Communities' economic, social and cultural rights: 0	• Adequate housing: 0 • Adequate food: 0 • Water and sanitation: 0 • Land-related impacts: 0 • Security-related impacts:0
			• Communities' civil and political rights: 0	• Freedom of expression: 0 • Freedom of assembly: 0 • Impacts on human rights defenders: 0
			• Rights of indigenous peoples: 0	• Free, prior and informed consent: 0 • Self-determination: 0 • Cultural rights: 0

21 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

None of the respondents found S3: Affected communities' material. The main reasons for this are that potentially relevant IROs were assessed to be below the materiality threshold, that sub- and sub-sub-topics were deemed not relevant, and that the standard itself was better suited for land-based operations, and as such not well tailored to the shipping and offshore industries.

However, as detected in some of the interviews, this is not to say that the topic is not on some of the respondents' radar. It is mentioned that there can be adverse impacts related to docking in harbors (for examples related to air emissions), or positive impacts related to job-creation or local community initiatives initiated by companies.
As such, it is not so that the respondents do not consider the impacts their operations have on local communities, but rather that compared to other sustainability topics E3 is seen as less relevant.

ESRS S4: Consumers and end-users

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[22]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
S4: Consumers and end- users	1	15	• Information-related impacts for consumers and/or end-users: 0	• Privacy: 0 • Freedom of expression: 0 • Access to (quality) information: 0
			• Personal safety of consumers and/or end-users: 1	• Health and safety:1 • Security of a person: 0 • Protection of children: 0
			• Social inclusion of consumers and/or end-users: 0	• Non-discrimination: 0 • Access to products and services: 0 • Responsible marketing practices: 0

22 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

Primarily, this topic was not found material by most of the respondents. One of the main reasons for this is the B2B business model, where it is seen that the S4 standard is more applicable for companies with a B2C business model. Shipping companies simply help other companies transport their cargo, and as such they do primarily not have ownership of the cargo they transport.

Out of the 16 respondents, only one company found S4: Consumers and end-users material. The one company that found S4 material is operating within the short sea segment as a passenger and goods transport company. As a B2C company transporting customers the company has a responsibility to ensure the health and safety of its passengers, which is seen as the primary reason for why this topic is deemed material.

Section D: **Governance**

ESRS G1: Business conduct

ESRS	Is the topic material?		Which sub-topic is material?	Which sub-sub-topics is material[23]
	Yes	No	*(Number refers to nr. of respondents who found the topic material)*	
G1: Business conduct	16		• Corporate culture: 12	No sub-sub-topics listed in the ESRS
			• Protection of whistle-blowers: 8	No sub-sub-topics listed in the ESRS
			• Animal welfare: 0	No sub-sub-topics listed in the ESRS
			• Political engagement and lobbying activities: 3	No sub-sub-topics listed in the ESRS
			• Management of relationships with suppliers including payment practices: 12	No sub-sub-topics listed in the ESRS
			• Corruption and bribery: 15	• Prevention and detection including training: 13 • Incidents: 11
			Entity specific: Cyber security: 4 *Entity specific*: Ship recycling: 1	NA

23 Due to the data sample and two companies not reporting on sub-sub-topics, the highest number achievable is 14.

All respondents found G1: Business conduct material. However, as there are a range of different topics clustered together in this standard, we will go through each sub-topic in subchapters below.

Corporate culture:
Most of the respondents found sub-topic corporate culture material, with few apparent divergences between segments. One key argument relates to corporate culture being the foundation and the framework for how companies operate in terms of ethics, much like a company's "guiding star". In one of the interviews, the positive impacts and opportunities associated with a strong corporate culture is also mentioned.

Protection of whistleblowers:
Half of the respondents had found sub-topic protection of whistleblowers material. Here we see a slight difference between the deep sea and offshore service segments, with four out of six deep sea companies finding the topic material while two of eight offshore service companies find the topic material.

In a European context, The EU Whistleblowing Directive establishes minimum standards regarding whistleblower protection across member states. While the Directive has not yet been implemented in Norwegian law, the Norwegian Working Environment Act has some provisions related to whistleblowing channels and whistleblowing protection.

Seeing as the issue is regulated, some respondents found this topic not to be material as they already have procedures and processes related to handling whistleblower cases and protect whistleblowers. Others again might find the issue important exactly because it is regulated and consider it alongside the lines of corporate culture, stressing the importance of being able to raise issues and concerns within a company.

Animal welfare:
None of the respondents found this sub-topic material and as this is a topic that generally is of low relevance for our members, we will not delve into the topic further.

Political engagement and lobbying
Generally, the respondents did not find this topic material and the three companies that had found the topic material are all in the deep sea segment. This sub-topic was not discussed in detail in any of the interviews, and hence we will not delve further into reasons for why the sub-topic was deemed material / not material.

Management of relationships with suppliers:
12 of the 16 companies participating in the project had listed sub-topic management of relations with suppliers material, with little difference between segments. Although this is another sub-topic not discussed in depth with most of the respondents, it could very well be linked to the high level of companies finding S2 workers in the value chain material considering the link between purchasing practices and potentially contributing to adverse impacts in the supply chain. In addition, one interviewee mentioned that maintaining solid relationships and having a good reputation in regard to management of suppliers was important, especially with yards conducting maintenance and repairs on vessels.

Corruption and bribery:

Sub-topic corruption and bribery was found material by 15 of the 16 respondents. The one company who did not find the topic material resonated that as a company with operations primarily in Norway/Europe corruption and bribery risks were relatively low. Furthermore, they assessed the financial consequences of a hypothetical incident to be rather low.

However, the majority of the respondents had found corruption and bribery material, and 13 respondents had identified sub-sub-topic prevention and detection including training as material, while 11 companies had identified sub-sub-topic incidents as material to report on. This is not surprising considering corruption and bribery are endemic issues in many parts of the world where shipping and offshore industries companies operate and/or pass through as part of their trading routes. For shipping companies, one main risk area is demands for bribes and facilitation payments when they enter ports, and the demands can come from a range of different actors the vessels interact with as part of its operation.

The industry itself has taken action to address the issue of corruption and bribery and formed the Maritime Anti-Corruption Network (MACN), a collective action platform and global business network working towards the vision of a maritime industry free of corruption. More information regarding the MACN and its work can be found here: https://macn.dk/

Besides the MACN, the IMO has also developed guidance to implement and adopt procedures against maritime corruption. The guideline can be found here: FAL related guidance.

Entity specific topics

Besides the sub-and sub-sub-topics listed under Governance, four respondents had found the entity-specific topic cyber security material. The companies who had assessed the topic as material are within three different segments, and as such there is no segment-specific pattern to note per now. Lastly, one respondent had identified ship recycling as an entity specific topic. This respondent had not identified E5: Resource use and circular economy as a material topic, which is where most other respondents who had found ship recycling material had allocated the issue.

Section E: **Final remarks**

As this project lasted for almost a year, we would like to end this paper with some general reflections and observations made throughout this period.

One noticeable observation is that, overall, there seems to be a common understanding regarding materiality / non-materiality amongst our respondents concerning several ESRS topics, although there are differences noted regarding sub- and sub-sub-topics. Furthermore, there are only a few topics where we see large variations across segments. However, and as noted earlier, one of the limitations of the project is the limited number of respondents we have based the paper on. If we were to update this paper with a larger sample in the future, we might see other patterns and differences across segments and companies. Furthermore, we expect that once companies have repeated the DMA process over a longer period, we will see some changes to these initial findings.

Another important point we want to underline is that the companies that participated in this project are all NSA members. We are not aware of similar exercises being conducted by other national shipowners' associations but should note that there could be differences between companies across Europe in terms of what is considered material and not material sustainability topics and IROs.

A general concern noted throughout the project period was that the ESRS are better suited for land-based operations and not well tailored to the specificities of the shipping and offshore industries. In some instances, this posed a challenge for companies reporting after the ESRS. EFRAG has stopped the development of their sector-specific standards, and although shipping was not on their initial list of industries in which they planned to develop such standards, there is a need for more knowledge on relevant sector-specific metrics which are useful for shipping and offshore companies to report on. This will also be relevant for companies which might fall outside of scope of the CRSD in the future, especially considering the renewed relevance of the VSMEs.

When it comes to reporting after the sector-agonistic standards, there are other issues that have become apparent. The difficulty in defining workers within S1 or S2, or discussions regarding whether to report GHG emissions using the financial control or operational control method has taken up time which could arguably have been better spent increasing quality of reporting and data, or better yet, implement tangible measures to avoid negative impacts and reduce risks. Additionally, a better understanding and more guidance regarding the implications of inherent vs. residual risk in determining relevant IROs would have been beneficial, as there seem to be differences in practice amongst companies within our sample size.

In retrospect, it could have been more accurate to map the respondents' material IROs, rather than map which topics, sub- and sub-sub-topics were deemed material after the DMA process. Focusing on the specific impacts, risks and opportunities could potentially alter some of the results, as companies might consider similar IROs material but have different reasonings for determining whether the IRO "belongs" under a certain topic (like we for example see in relation to E2 and E4 or E5). It would, however, require a different approach to gathering data and the iterative nature of the DMA process would still make it difficult to get a full overview of material IROs. Seeing as some companies updated their list of material topics / IROs relatively closely to finalizing their report, for example based on input from their auditor, it would be difficult to track the final results unless one went through the companies' published reports.

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As described in the initial sections of this paper, this project is a first attempt to gain a better understanding of which sustainability topics are generally considered material or not material in the shipping and offshore industries. This is, however, by no means a conclusion or a guide presenting what should be or not be material for all shipping and offshore service companies. Rather, this paper is a starting point for discussions and knowledge dissemination, and we welcome any feedback or considerations the readers of the paper might have.

Appendix:
Abbreviations and key terms

CSRD: Corporate Sustainability Reporting Directive

EFRAG: European Financial Reporting Advisory Group

DMA: Double Materiality Assessment

ILO: International Labour Organization

IMO: International Maritime Organization

IRO: Impacts, Risks and Opportunities

MARPOL: International Convention for the Prevention of Pollution from Ships

MLC: Maritime Labour Convention

NSA: Norwegian Shipowners' Association

PSC: Port State Control

SOLAS: The International Convention for the Safety of Life at Sea

STCW: International Convention on Standards of Training, Certification and Watchkeeping for Seafarers

UNCLOS: United Nations Convention on the Law of the Sea

VSME: Voluntary Reporting Standards for SMEs

For an overview of relevant Terms defined in the ESRS, please see section "Defined terms" here