

The sustainable road ahead.

Shipping faces major global challenges: from a changing social and volatile economic context; to increased demand for transparency from customers through to investors; to the climate crisis and the need for rapid decarbonisation. These challenges coupled with industry trends will reshape the industry, while bringing opportunities across and beyond the shipping value chain.

Words by Andreea Miu, Elizabeth Petit, Nicole Rencoret, and Andrew Stephens (Sustainable Shipping Initiative)

The future is never certain – 2020 has been a case in point – but a strong plan can help underpin one's ambitions. This is particularly true for the global drive on sustainability and all sectors – marine and offshore included – stand to benefit from clear objectives on how to get there.

Developed by members of the Sustainable Shipping Initiative (SSI), the Roadmap to a sustainable shipping industry lays out the pathways and defines tangible milestones to be collectively achieved for a sustainable and successful shipping industry.

The Roadmap consists of six vision areas – Oceans, Communities, People, Transparency, Finance, and Energy – each with its own set of objectives and interrelated milestones to be attained along the industry's sustainability journey over the coming decades.

It is a resource for stakeholders across the shipping value chain, to be used by companies and organisations to identify and understand their present and future sustainability challenges, as well as the steps and milestones to overcome them. The Roadmap deepens individual and collective understanding of sustainability barriers and opportunities and empowers stakeholders to find innovative solutions.

A roadmap for the shipping industry, by the industry

The Roadmap was initially developed in 2016 as a way to provide an overview of the defining factors, milestones, and priorities needed to achieve a sustainable shipping industry. SSI members identified global challenges and trends expected to affect the industry, publishing the Roadmap as a call to action and kickstarting the debate on how the industry would respond.

In light of rapid and complex changes since its launch, SSI commissioned Lloyd's Register (in collaboration with SSI members) to review progress against the Roadmap in the first half of 2020. Consisting of a desktop review, expert interviews and stakeholder consultations, the review considered changes in the industry landscape, highlighting progress and identifying gaps. The update process resulted in the consolidation and review of milestones – shared over the next few pages – to ensure their ongoing relevance and robustness as indicators of industry progress.

A living document

While we are confident that the outcomes of the recent review will

resonate with many, we know that for the Roadmap to remain relevant and track how shipping moves further along in its sustainability journey, it must be a working tool for every stakeholder across the value chain.

As a living document, the Roadmap will continue to evolve with the industry, celebrating successes, pausing for reflection and identifying areas where further work needs to be done. Through



03. PEOPLE

Provide healthy, safe and secure work environments so that people can enjoy rewarding careers and achieve their full potential



04. TRANSPARENCY

Drive performance improvements and enable better, sustainable decision making through transparency and accountability



02. COMMUNITIES

Be a trusted and responsible partner in the communities where we live, work and operate



01. OCEANS

Contribute to responsible ocean governance and the healthy use of marine resources



05. FINANCE

Develop financial solutions that reward sustainable performance and enable large scale uptake of innovation, technology, design and operational efficiencies



06. ENERGY

Change to a diverse range of zero-carbon energy sources, using resources efficiently and responsibly for zero-emission shipping and avoiding negative environmental and biodiversity impacts

a periodic review and update process led by the SSI in consultation with industry stakeholders, we will ensure that progress against the vision areas and milestones is tracked while also capturing changes in the landscape.

But we need your help to do this. Enable us to track industry progress by sharing what you are doing for a sustainable shipping industry at www.sustainableshipping.org/roadmap/

The Sustainable Shipping Initiative

The Sustainable Shipping Initiative (SSI) is a multi-stakeholder collective of ambitious and like-minded maritime leaders, driving change through cross-sectoral collaboration to contribute to – and thrive in – a more sustainable shipping industry.

SSI members span the entire shipping value chain, from shipowners and charterers; shipyards, marine product, equipment and service providers; banks, ship finance and insurance providers; classification societies; and sustainability non-profits.

www.sustainableshipping.org

Six vision areas for a sustainable shipping industry.

Each of the Roadmap's vision areas is aligned with the Sustainable Development Goals, emphasising the important role of shipping's sustainability journey to the achievement of the UN's 2030 Agenda.

Spread across the vision areas is an array of 60 milestones that serve as a set of indicators against which the industry can report and track progress, offering insights and guidance on the sustainability issues and navigating through our collective journey to a sustainable and successful maritime industry.



VISION AREA 1: OCEANS

Goal: Contribute to responsible ocean governance and the healthy use of marine resources

The shipping industry has a role to play in building a resilient and sustainable blue economy, taking responsibility for the ecosystems and communities affected by their operations. Vision area 1 is about strengthening shipping-related ocean governance; access to and healthy use of marine resources; and robust marine spatial planning systems.

Objectives

- Establish a system of global ocean governance for a resilient and sustainable blue economy balancing access to, use and conservation of marine resources
- Support development of a system of well-enforced marine spatial planning and marine protected areas

There are signs of momentum building in global ocean governance, reflected by increased awareness of ocean issues e.g. the UN Decade of Ocean Science for Sustainable Development, the development of an Implementing Agreement to UNCLOS, and increased recognition of the need for regulation on ocean noise. An increasing number of national marine spatial plans are being developed, which are expected to bring more clarity and reduce conflicts on competing maritime resource demands; however, their enforcement remains a challenge.

Changes in the ocean governance landscape are reflected in new Roadmap milestones, including those on sustainable blue economy principles and expanding the vision area's scope to encompass the access, use and conservation of marine resources and space.



VISION AREA 2: COMMUNITIES



Goal: Be a trusted and responsible partner in the communities where we live, work and operate

Port, coastal and indigenous communities are key in achieving a sustainable and successful shipping industry, providing shipping with the license to operate. Vision area 2 focuses on port governance, infrastructure and operations; as well as transparency, accountability and communication between shipping and the community stakeholders affected by its activities.

Objectives

- Promote good port governance principles with well-defined standards, transparency and accountability
- Engage and benefit the port, coastal and indigenous communities affected by shipping, facilitating dialogue among all community actors
- Build sustainable and resilient port infrastructure and operations to enable energy efficiency, improve air and water quality and promote circularity

An emerging trend in this area relates to port infrastructure and operations, building circular economy principles into their operations and linking different phases of the ship lifecycle. By serving as a natural convergence point, ports can facilitate the linkages between phases of the ship lifecycle, bringing together shipowners and operators, service providers, ship repair and recycling yards and others, improving efficiency and sustainability throughout the value chain.

Engagement and collaboration with those communities along shipping routes are key to addressing outstanding industry challenges such as shipping traffic, corruption and piracy.

The Roadmap's definition of communities has been expanded to include all those affected by shipping: port, coastal and indigenous communities, and emphasised the need to map out and understand the impacts shipping may have on communities, natural habitats and wildlife in the areas where it operates.



VISION AREA 3: PEOPLE



Goal: Provide safe, healthy and secure work environments so that people can enjoy rewarding careers and achieve their full potential

The systemic challenges faced by seafarers and other workers across the shipping value chain create labour and human rights risks, as well as mental health and safety concerns. Training and career development support combined with equal, diverse and inclusive work environments lay the foundation for fulfilling shipping careers, which is the focus of Vision area 3.

Objectives

- Adopt labour and human rights standards across the shipping industry to improve safety, security, living conditions, and fair wages for people working in shipping
- Employ best practice in leadership and employee development to attract people to rewarding shipping careers
- Embrace diversity (including age, disability, ethnicity, gender identity, race and sexual orientation) and facilitate equal, diverse and inclusive work environments

The COVID-19 pandemic and ongoing crew-change crisis in 2020 has thrust seafarers into the spotlight, highlighting not only their essential role in the global economy, but the labour and human rights risks they face. Numerous agencies and organisations are working to improve the immediate situation by calling on governments to designate seafarers as key workers and facilitate safe passage to and from their homes and vessels.

Recent events have revealed a lack of transparency on how these risks are addressed across the supply chain, with implications for shipowners and operators, charterers – among others – to step up in delivering on seafarers' rights, reflected in a recently launched project led by SSI and the Institute for Human Rights and Business.

A number of these human rights risks emerge repeatedly across different phases throughout the ship lifecycle, drawing on standards including those set out in the UN Guiding Principles on Business and Human Rights.

In parallel, the International Labour Organization is currently accepting proposed updates and amendments to Code of the Maritime Labour Convention (MLC), to be discussed in early 2021 at the fourth meeting of the Special Tripartite Committee (STC) of the MLC.

Andrew Stephens
Executive Director, Sustainable Shipping Initiative



The Roadmap shows us what sustainable shipping looks like, highlighting how we as an industry can play our part in the achievement of the SDGs. From ocean governance; to port and coastal communities; seafarers; transparency; financial solutions to enable innovation; to shipping's decarbonisation – all of these elements are key in our journey to a sustainable, successful industry. We hope all stakeholders engaged across the shipping value chain will find the Roadmap useful and reflect on the pathways that we can individually and collectively contribute to, navigating to sustainable shipping in the months, years, and decades to come.

Roger Charles
Executive Director, Environmental and Social Risk Management, Standard Chartered Plc



Shipping's sustainability journey presents an opportunity for financial institutions to get involved and drive changes in the global fleet by supporting R&D and the development of operational and technological improvements. Beyond the investment needed for the rapid decarbonisation of the industry, banks, investors, insurance providers and others must also consider what sustainable investment means in a broader maritime context – using concepts like the blue economy and tools like this roadmap to guide thinking in this area.

Jacob Sterling
Head of Technical Innovation, A.P. Moller Maersk



At Maersk we believe in taking responsibility through collective action when it comes to pursuing solutions to contribute to the SDGs. We're committed to maximising the positive, and mitigating the negative impacts across our operations – ranging from the full decarbonisation of our shipping operations to improving ship recycling.

The Roadmap to a sustainable shipping industry provides a unique and ambitious overview of the milestones and priorities for us and our peers across the maritime sector, driving shipping's sustainability journey in the decades to come.

SUSTAINABILITY



VISION AREA 4: TRANSPARENCY



Goal: Drive performance improvements and enable better, sustainable decision making through transparency and accountability

Improved transparency and accountability levels the playing field for all. Cargo owners and customers, shipping finance and insurance companies can all play their part by demanding disclosure, using this knowledge to make informed decisions based on sustainability performance.

Objectives

- Monitor sustainability performance and ensure continuous improvement through disclosure frameworks and rating schemes that go beyond compliance
- Maximise shipping customers' leverage and hold the industry to account by demanding transparency and factoring sustainability performance into decision making processes

The world is rapidly becoming more transparent, and demand for transparency is increasing – by customers to their retailers, and by retailers to their suppliers in turn. The Ship Recycling Transparency Initiative is an example of how customers and financial stakeholders are weighing in and demanding transparency on vessel recycling. Additionally, Scope 3 emissions reduction goals are becoming increasingly common, pushing carriers to provide data that backs their sustainability performance claims.

For shipping, this means transparency across operations and the ship lifecycle, improving efficiencies and utilising emerging technologies such as blockchain, which is rapidly becoming a key tool for supply chain traceability and fighting corruption.

Oriana Brine
Senior Strategist, Forum for the Future



The unprecedented system shock to the shipping industry this year underlines the urgent need for fundamental change to create a more resilient, future-fit sector that contributes to a regenerative and just society. We welcome this Roadmap as a holistic tool to drive this transformation, laying out the actions required for stakeholders in the shipping value chain to help achieve the UN's SDGs, and offering clear milestones against which to track the industry's progress towards these goals.



VISION AREA 5: FINANCE



Goal: Develop financial solutions that reward sustainable performance and enable large scale uptake of innovation, technology, design and operational efficiencies

Sustainable shipping presents opportunities for the finance sector and sustainable finance solutions impact every milestone in the Roadmap. By rewarding high sustainability performance, financial stakeholders enable the large-scale uptake of innovation, technology, design and operational efficiencies. Finance also has a key role to play in the promotion of sustainable use of marine resources through ecosystem valuation and natural capital accounting.

Objectives

- Reward high sustainability performance through preferential access to capital and insurance
- Assign monetary value to environmental resources to promote their responsible use and reduce negative impacts

Momentum has been increasing across the finance sector, paying increased attention to rewarding sustainable performance and providing access to financing options to businesses that perform well on Environmental, Social and Governance (ESG) factors. Global interest in sustainable finance has skyrocketed, with initiatives such as the Climate Bonds Initiative Shipping Criteria, sustainability-linked loans and green bonds and EU Taxonomy emerging in recent years.

We have also seen maritime-specific initiatives led by banks such as the Poseidon Principles, blue bonds, and the Responsible Ship Recycling Standard, considering CO₂ and other sustainability metrics and how the finance sector can support shipping in its journey to sustainability.

Sebastien Landerretche
Head of Freight Platform,
Louis Dreyfus Company



As a member of SSI, Louis Dreyfus Company is very pleased to see the launch of the updated Roadmap to a sustainable shipping industry. We believe this will be a key resource and guide, for us and for other industry participants and stakeholders, as we work together toward our common goal to reduce shipping-related emissions and protect human rights.



VISION AREA 6: ENERGY



Goal: Change to a diverse range of zero-carbon energy sources, using resources more efficiently and responsibly for zero-emission shipping and avoiding negative and biodiversity impacts

SSI supports zero-emission shipping by 2050. For this to happen, a number of key milestones must be achieved through transitioning to renewable and other zero (or low) carbon fuels and technologies as well as improvements in energy efficiency across the entire ship lifecycle.

Objectives

- Align GHG emissions reductions in shipping with global climate ambitions
- Pioneer improvements in energy efficiency across the entire ship lifecycle, adopting operational practices and innovative technologies to achieve supply chain efficiency
- Facilitate a step change in shipping's energy portfolio, transitioning to renewable and other zero (or low) carbon fuels and technologies

This area has seen increasing global attention and significant progress over recent years, including the IMO's initial strategy (2018) on the reduction of GHG emissions from ships and industry-led initiatives such as the Getting to Zero Coalition (2019). Introduced on 1 January 2020, IMO 2020 saw global regulation reduce the upper limit on the sulphur content of ships' fuel oil to 0.50% (from 3.50%), resulting in a 77% drop in overall SO_x emissions from ships as well as reduction of particulate matter.

As the engagement and ongoing debate among maritime, energy and other stakeholders continues, there remains no consensus on which fuel(s) will emerge as one (or more) winning options for zero emission – and sustainable – shipping. In 2020-21 SSI is working with stakeholders across the shipping value chain to define sustainability criteria for zero (or low) carbon marine fuels.

Katharine Palmer
Global Sustainability Manager,
Lloyd's Register



We're proud to support SSI with updating its sustainability roadmap in line with recent developments in maritime, ensuring its relevance as we move towards to a zero-carbon future. The Roadmap is an important tool for both the shipping industry and individual organisations, setting out milestones that cover all aspects of social, environmental and economic sustainability, helping businesses develop their own journeys: focusing on where they can contribute positively. The roadmap also translates the UN's SDGs into what sustainability means for shipping.

Robert Haggquist
Charterer, South32



At South32, working with communities is a core part of who we are and what we do. We believe that by working in partnership with our communities we can understand our environmental impact and only by working together can we achieve long-term social, environmental and economic outcomes. It's this strong foundation between industry stakeholders and communities that is vital, indeed essential, to achieve the milestones set out in the Roadmap.

We are proud to contribute to this Roadmap, which sets out the milestones that the maritime sector must achieve across six vision areas in the decades to come, helping us extend our emphasis on local and indigenous communities beyond land-based supply chains and into our shipping operations.

Simon Bennett
General Manager – Sustainable
Development, The China Navigation
Company



The China Navigation Company is committed to making the shipping value chain sustainable. As founding members of the Sustainable Shipping Initiative, we've worked alongside industry leaders for the past ten years, united by a common goal of collective action and transparency to not only contribute to, but also assist a sustainable and successful maritime sector to thrive.

Stakeholders across and beyond the physical and economic lifecycle of ships must work to coalesce and align on sustainable solutions to help us achieve the milestones featured in this latest iteration of our Roadmap (and as early as possible). We must all act now, and act together, to tackle the diverse challenges facing the sector in the coming decades and contribute to progressing the global sustainability agenda.

Mark Lutes
Senior Advisor, Global Climate Policy,
WWF Global Climate and Energy Practice



The decarbonisation of the shipping industry is essential to ensure the world achieves the Paris Agreement goal to limit global warming to 1.5 °C. While the level of climate ambition needed from the sector has not yet materialised, there are voices in the sector, like the Sustainable Shipping Initiative, actively calling for comprehensive climate action on several fronts. It gives hope that the shipping sector will, sooner rather than later, move decisively to decarbonize by 2050 as climate scientists have told us we must.