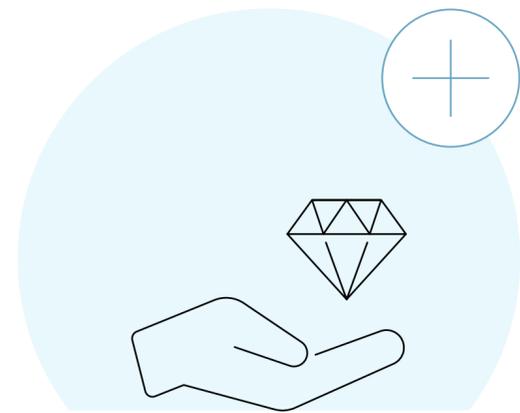


ESG Playbook for Shipping

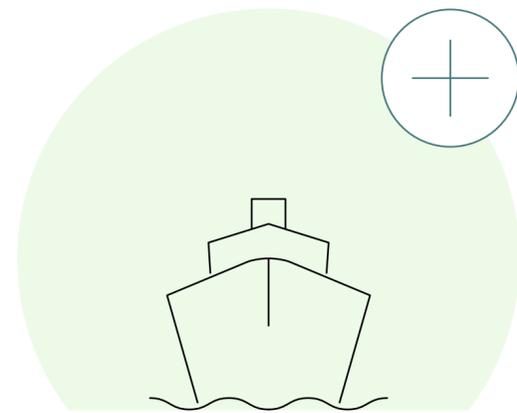


The essentials

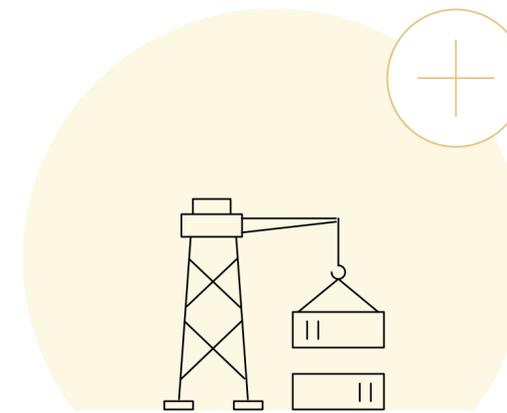
Content of the ESG Playbook for Shipping



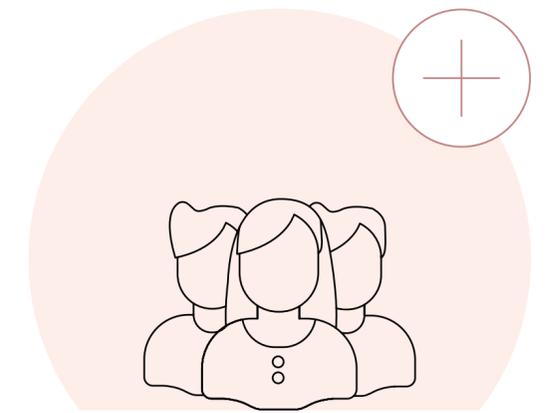
Why ESG is important to you



ESG topics in the shipping industry & your segment



Key components of your ESG Strategy



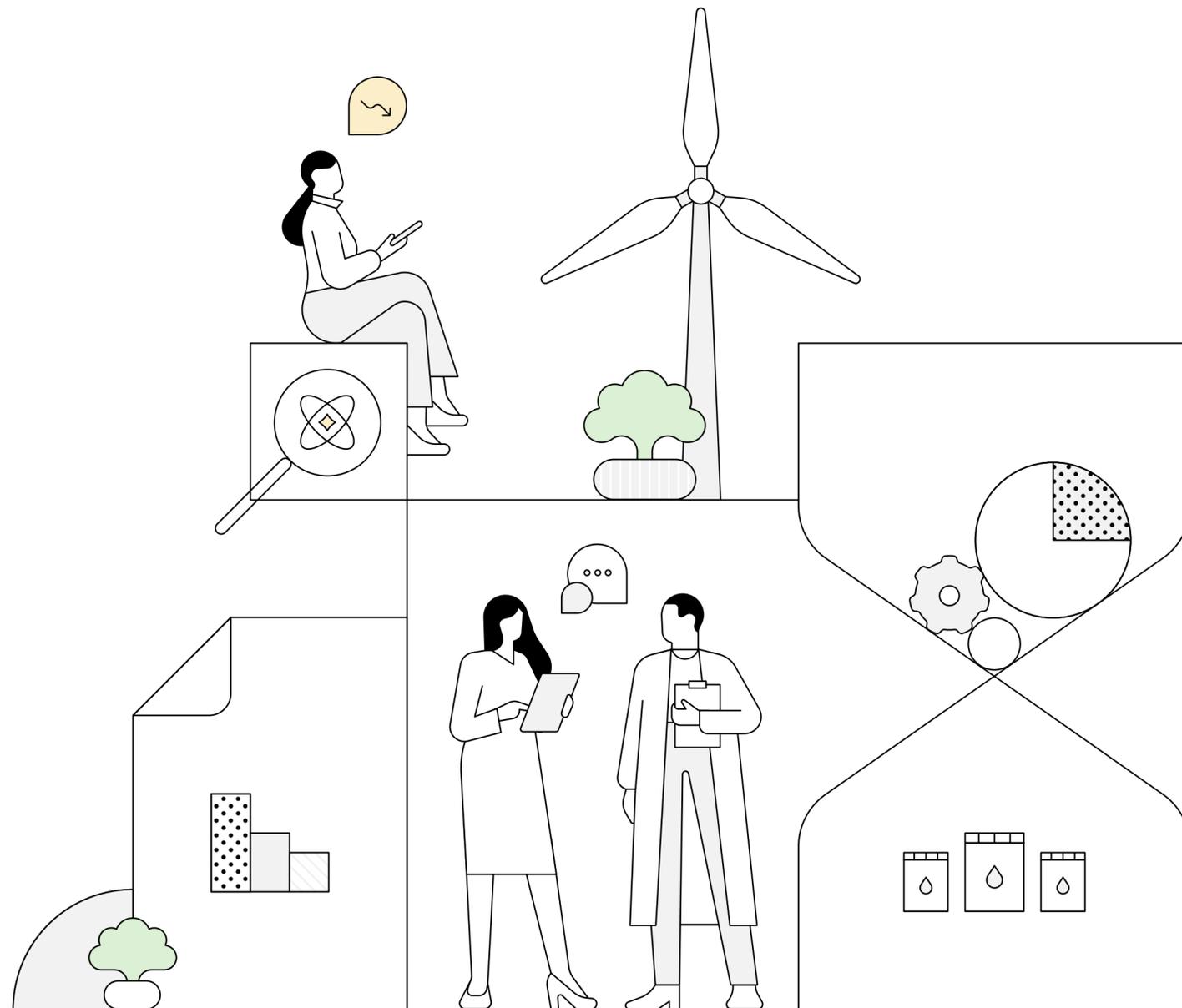
Contact information



Why ESG is important to you

Explore >

What is ESG?



Environmental

A company's environmental impact includes sub-topics such as **CO₂e emissions, pollution, waste, biodiversity, and natural resource management incl. circularity**. A company's performance on the environmental dimension is increasingly being scrutinized by investors, regulators, and customers



Social

Health and safety of employees, product liability and the assumption of responsibility within a company's environment shape its public image

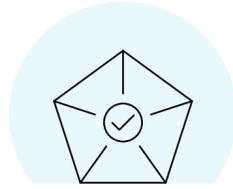


Governance

Corporate governance such as leadership's orientation on **ESG-aligned company policies** and **supply chain management** are steering mechanisms of ESG implementation

Purpose of the ESG Playbook for Shipping

Unlock the value proposition of ESG through concrete tools and processes tailored for the shipping industry

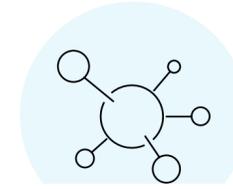


Industry transition through ESG

Now, more than ever, the integration of environmental, social, and governance (ESG) standards in business and investment decisions can act as enabler for the transition towards a more sustainable shipping industry and amplify decarbonization efforts

For businesses, environmental, social, and governance (ESG) is an increasingly critical component of their value propositions to stakeholders including investors, customers, and employees. ESG involves setting clear targets, developing roadmaps for meeting targets, and reporting progress. Therefore, it has the potential to drive climate action and more sustainable behavior, including, but not limited to, reducing GHG emissions by improving the reliability, comparability, and transparency of company ambitions and actions.

There is a growing number of voluntary ESG frameworks and methodologies which has made the ESG reporting landscape increasingly complex to navigate. This document is not an attempt at yet another framework or methodology. Rather, we encourage the use of those already out there in combination with an observant eye on the most ambitious upcoming regulation. There is good reason to believe that this along with the ongoing work for an international standard will define future requirements from your main stakeholders including investors and customers.



Guide to a credible ESG strategy

Our ambition with this Playbook is to make ESG more accessible, easy to distribute, and actionable – also for those new to ESG

The Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping and Boston Consulting Group (BCG) want to increase the ESG maturity level and understanding of ESG value proposition among shipowners. Because we believe that ESG is an enabler for more sustainable behavior, we want to provide an easy and clear pathway for shipping SMEs to set ambitious targets and act on them across E, S, and G. We hope to reach as many shipping companies as possible across geographies.

Decarbonization is at the core of what the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping does, but we strongly believe that a successful decarbonization strategy is closely related to a comprehensive ESG

strategy with ambitious target setting across E, S, and G. This transition is not just about ships and technology, we have to ensure a people-centered approach.

In our experience, specific elements characterize a solid and credible ESG strategy:

- Set time-bound long-term and ambitious ESG commitments with interim targets
- Develop a strategy for how to achieve targets
- Invest in initiatives and governance
- Track progress and report using a global standard

Good luck!

Call to action

Now is the time to act!



We are running out of time, transformative action is required

- Within 7 years the carbon budget for a 1.5 °C scenario is depleted
- To stay within the 1.5 °C, shipping must cut emissions by 45% in 2030



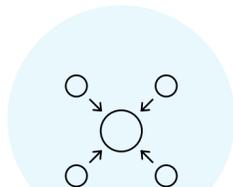
Changing shipping dynamics are amplifying the need for ESG

- Global supply chains are continuously being disrupted by global crises
- New roles and alliances emerge in shipping as the race to zero continues



Regulators, investors and customers are demanding change

- Shipping is facing a wave of new ESG regulation e.g., EU ETS, CSRD & CII
- 80% of US investors plan to reallocate capital to ESG short term



The scope of expected sustainability is widening in shipping

- Carbon tunnel vision must be avoided, shipping has a wider ESG role
- Shipping is lagging behind on ESG and must speed up for a just transition

Today

Sustainability can provide a competitive advantage

Tomorrow

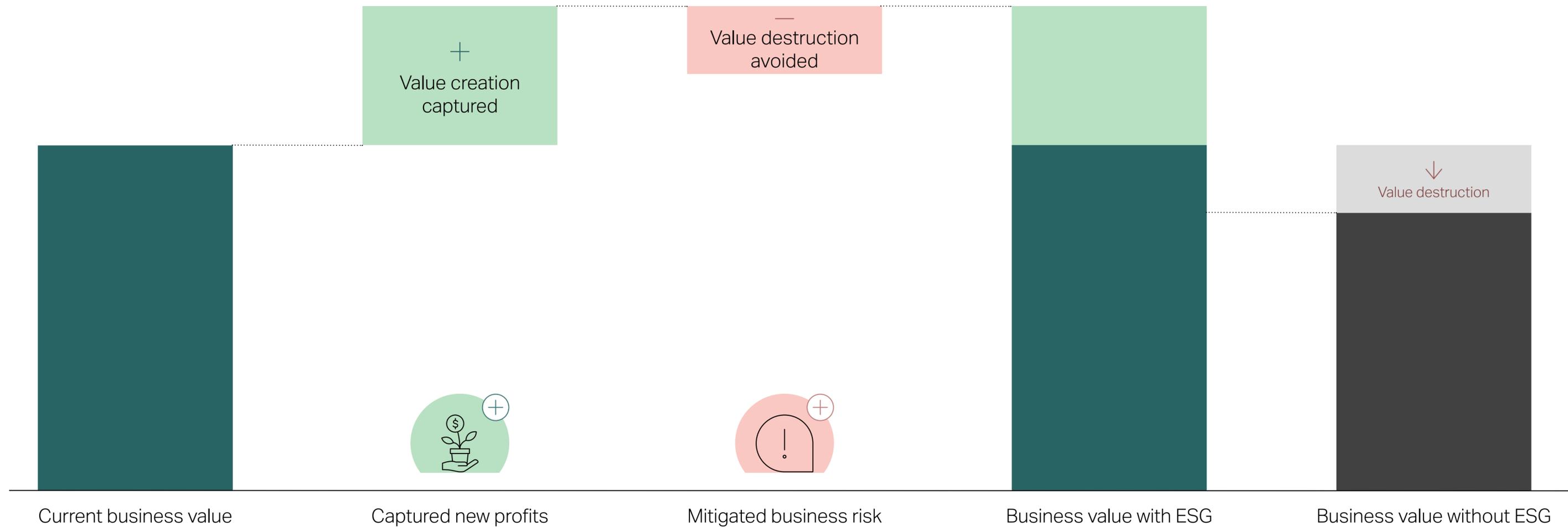
Sustainability will become a license to operate

Source: Mercator Research Institute on Global Commons and Climate Change; Earth Overshoot Day; Stockholm Resilience Centre; Financial Times; Demand for ESG Investments Outstrips Supply (2022); MMMCZCS: Ready, Set, Decarbonize (2022); BCG analysis; BCG: The Road Ahead for Low-Carbon Fuels (2022)

Value of ESG

ESG can be deployed to capture new sustainable business value and mitigate current and future business risks

The ESG imperative



Source: BCG & MMMCZCS analysis

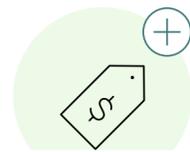
Value of ESG

ESG can
future bu

The ESG imperat

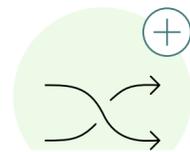
Capture new sources of profits

by participating in growing sustainable markets or increase margins through green premium pricing



Premium pricing

Capture higher prices by exploring customers' willingness to pay for sustainable solutions e.g., 82% of shipping customers are willing to pay a green premium



New revenue streams

Go beyond core business and build new revenue streams based on emerging green markets



Lower cost of capital

Finance company transition through access to cheaper capital linked to ESG performance



Reduction of operational costs

Capture operational cost reductions e.g., through fuel efficiency and speed optimization e.g., 20-30% of CO₂e reductions are consistent with cost reductions



Talent attraction and retention

New top talent demands credible ESG targets and actions to be attracted and retained



Customer loyalty

Foster superior customer loyalty by building a strong value proposition to key customers e.g., 71% of customers indicate they will be more loyal to zero-carbon shippers



Increased investor access

Attract new investors through ESG as they reallocate capital to sustainability to be future-fit

Source: BCG analysis; The Strategic Race to Sustainability; BCG & MMMCZCS analysis; IMO GHG Study 2020

Source: BCG & MMMCZCS analysis

Value of ESG

ESG can
future bus

The ESG imperat

Mitigate business risks

related to material environmental, social and governmental factors



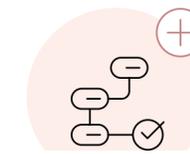
Reduces stranded assets

Avoid stranded assets e.g., through proper assessment of emission reduction pathways



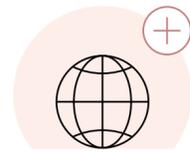
Limit divestments

Avoid divestments by showcasing a robust ESG transition pathway



Ensures resilient operation

Mitigate supply chain risks through the correct set of ESG policies, processes and governance



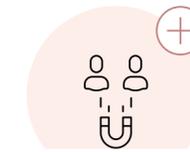
Safeguards social license to operate

Safeguard against social backlashes through the correct set of ESG policies and processes



Regulatory risks / compliance

Ensure compliance with ESG regulation through rightful and timely ESG disclosures



Avoid customer flight

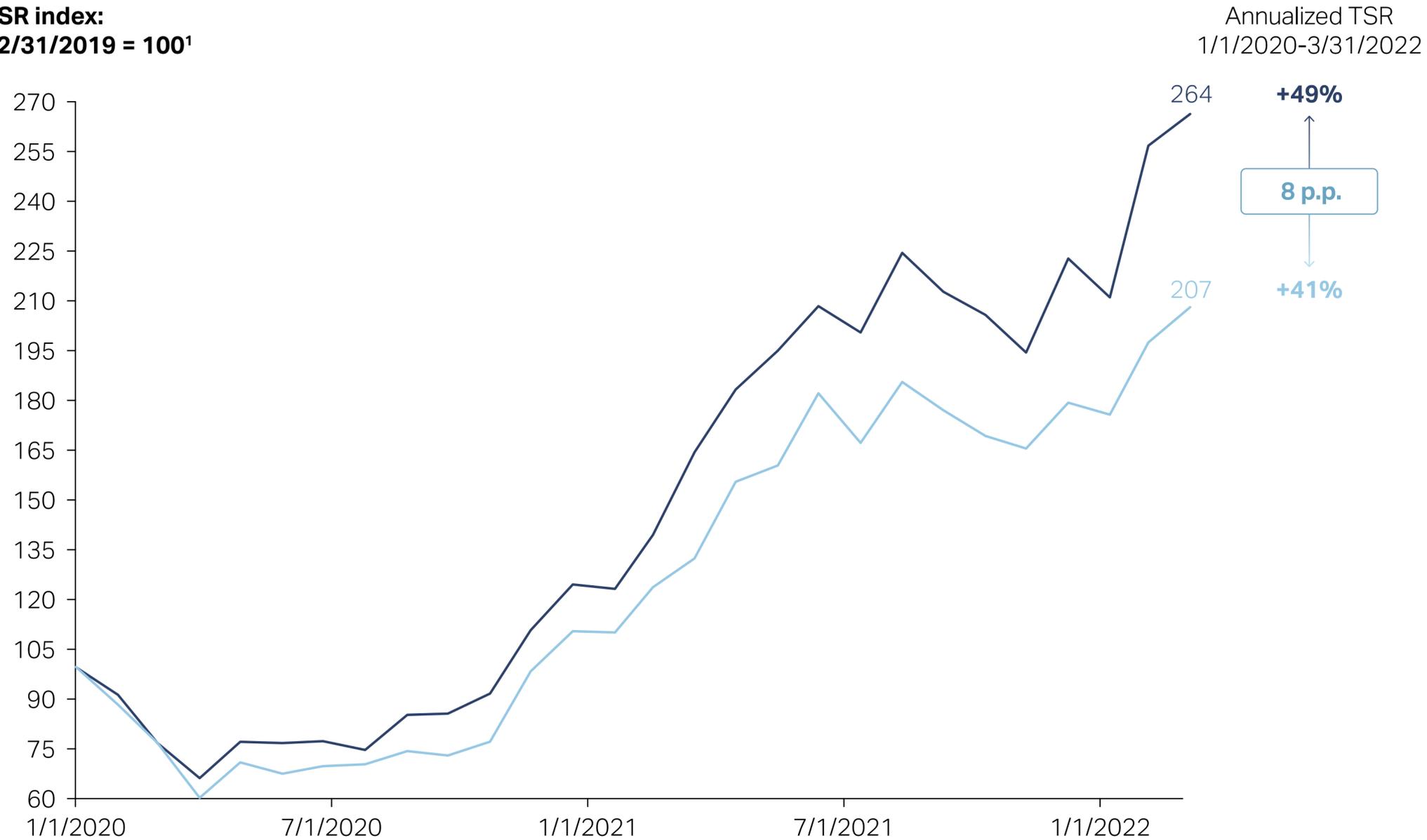
Mitigate risks of customer flight from supply chain incidents or non-sustainable products

Source: BCG analysis; The Strategic Race to Sustainability; BCG & MMMCZCS analysis

Source: BCG & MMMCZCS analysis

Shipping companies that choose to lead on ESG capture superior value

TSR index:
12/31/2019 = 100¹



Shipping companies with robust ESG strategies deliver better shareholder returns

— ESG² score ≥ median
— ESG² score < median

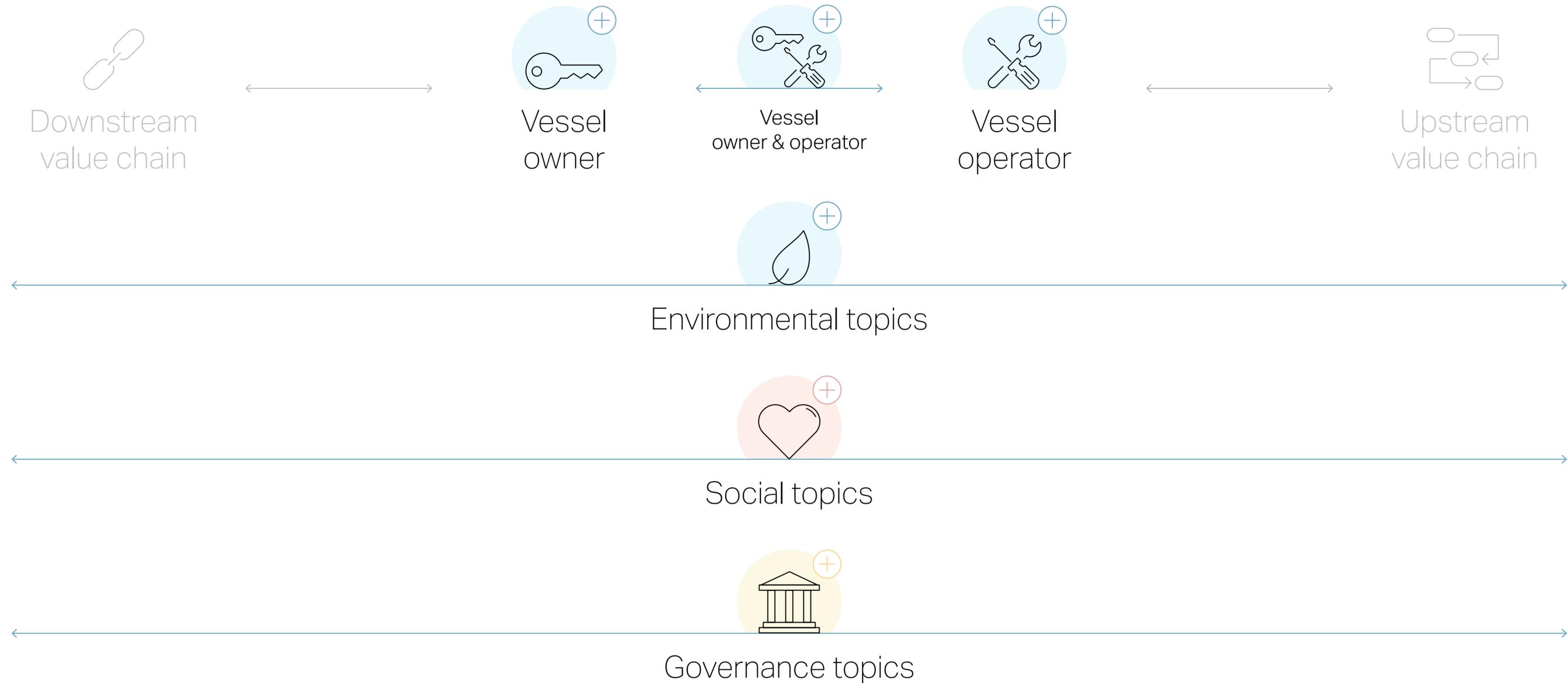
ESG score:
Environmental + Social + Governance commitment and effectiveness

TSR:
Total Shareholder Return (share price return and dividend yield)

Note: 1. Median rebalanced monthly total return of a set of 40 Marine Transport players; 2. ESG score measure a company's relative material Environmental (e.g., Toxic Waste & Emissions, Carbon Emissions), Social (e.g., Health & Safety) and Governance (e.g., Corporate Governance, Corporate Behavior) performance, commitment and effectiveness

A new mindset is required

ESG accountability requires a new mindset focusing on collective action across the value chain



Source: BCG & MMMCZCS analysis

A new mindset is required

ESG acco
on collec

Vessel owner point of view (simplified)

Vessel owners should consider ESG collaborations with (at least) 6 stakeholder group



■ Direct dependency
■ Indirect dependency

Stakeholders

Dependencies

Potential ESG actions



Investor

- Vessel owner needs investor buy-in for ESG strategy and capital
- Investor depends on vessel owner's ESG performance to reach ESG targets for portfolio companies

- Ensure investor buy-in to begin own ESG journey and capital allocation towards prioritized ESG bets



Debt provider

- Vessel owner depends on capital lending to invest in ESG initiatives such as vessels running on low-carbon fuels
- Debt provider depends on demand for ESG loans to reach own targets

- Fund ESG bets through beneficial lending opportunities provided by debt providers



Cargo owner

- Vessel owner depends cargo owners WtP to invest in ESG bets
- Cargo owner push for green logistics to reach own ESG commitments

- Begin to develop position as ESG partner to whom freight forwarder and vessel operator can rely on for solutions fit for cargo owner's increasing ESG requirements



Vessel oper.

- Vessel owner depends on vessel operator for operations aligned with ESG targets and WtP for ESG compliant ships
- Vessel operator depends on vessel owner for access to green vessels

- Build ESG solutions fit for vessel operator's needs and engage operators with aligned ESG strategy for long-term charter to ramp-up capacity effectively



Technical manager

- Vessel owner depends on licensed crew to reach ESG targets e.g., accidents/injuries onboard merchant vessels

- Engage with crew suppliers and ensure convergence towards common ESG targets such as accidents/injuries targets



Fuel supplier

- Vessel owner depends on access to green fuel supply from fuel suppliers
- Fuel supplier depends on vessel owner for green fuel demand

- Begin to build off-take agreements with relevant fuel suppliers when long-term charter agreements are secured

1. WtP: Willingness to Pay. Source: BCG & MMMCZCS analysis

A new mindset is required

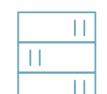
ESG acco
on collec

Vessel owner & operator point of view (simplified)

6 stakeholder groups are relevant for companies that own and operate vessels



■ Direct dependency
■ Indirect dependency

Stakeholders	Dependencies	Potential ESG actions
 Investor	<ul style="list-style-type: none"> - Vessel owner/operator needs investor buy-in for ESG strategy - Investor depends on vessel owner/operator's ESG performance to reach ESG targets for portfolio companies 	<ul style="list-style-type: none"> - Ensure investor buy-in to begin own ESG journey and capital allocation towards prioritized ESG bets
 Debt provider	<ul style="list-style-type: none"> - Vessel owner/operator depends on capital lending to invest in ESG initiatives such as vessels running on low-carbon fuels - Debt provider depend on demand for ESG loans to reach own targets 	<ul style="list-style-type: none"> - Fund ESG bets by beneficial lending opportunities provided by debt providers
 Cargo owner	<ul style="list-style-type: none"> - Vessel owner/operator depends WtP from cargo owners to invest in ESG bets - Cargo owner push for green logistics to reach own ESG commitments 	<ul style="list-style-type: none"> - Develop position as ESG partner who freight forwarder & vessel op. can rely on to fit cargo owner's increasing ESG req. - Offer ESG compliant services and seek for long-term freight contract to support investments in ESG
 Freight forward	<ul style="list-style-type: none"> - Vessel owner/operator depends on demand for sustainable shipping solutions from freight forwarders - Freight forwarder depends on vessel owner/operator for supply of sustainable shipping solutions 	<ul style="list-style-type: none"> - Build ESG solutions fit for freight forwarder's needs and lock-in long-term contracts to ramp-up capacity effectively
 Technical manager	<ul style="list-style-type: none"> - Vessel owner depends on licensed crew to reach ESG targets e.g., accidents/injuries onboard merchant vessels - Tech. manager relies on vessel owner/operator with vessel employments & ops. aligned with ESG targets to achieve targets 	<ul style="list-style-type: none"> - Engage with crew suppliers and ensure convergence towards common ESG targets such as accidents/injuries targets
 Fuel supplier	<ul style="list-style-type: none"> - Vessel owner/operator depends on access to green fuel supply from fuel suppliers - Fuel supplier depends on vessel owner/operator for green fuel demand 	<ul style="list-style-type: none"> - Begin to build off-take agreements with relevant fuel suppliers when long-term charter agreements are secured

1. WtP: Willingness to Pay. Source: BCG & MMMCZCS analysis

A new mindset is required

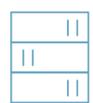
ESG acco
on collec

Vessel operator point of view (simplified)

To build a favorable position in the value chain, vessel operators should consider engaging 5 stakeholder groups on ESG



■ Direct dependency
■ Indirect dependency

Stakeholders	Dependencies	Potential ESG actions
 Investor	<ul style="list-style-type: none"> - Vessel operator needs investor buy-in for ESG strategy and capital - Investor depends on vessel operator's ESG performance to reach ESG targets for portfolio companies 	<ul style="list-style-type: none"> - Ensure investor buy-in to begin own ESG journey and capital allocation towards prioritized ESG bets
 Cargo owner	<ul style="list-style-type: none"> - Operators rely cargo owner's demand for ESG product offerings - Cargo owner relies on vessel operators to achieve own ESG value chain targets 	<ul style="list-style-type: none"> - Demonstrate ambition and capability in ESG and attract cargo owners who are committed to ESG and willing to pay for sustainable services
 Vessel owner	<ul style="list-style-type: none"> - Vessel operator depends on vessel owner for access to green vessels - Vessel owner depends on vessel operator for operations aligned with ESG targets and WtP1 for ESG compliant ships 	<ul style="list-style-type: none"> - Demand greener vessels or partner w. vessel owners who are committed to ESG with solutions e.g., green vessel fleet - Offer ESG compliant services and seek for long-term freight contract to support investments in ESG
 Technical manager	<ul style="list-style-type: none"> - Vessel operator depends indirectly on licensed crew to reach ESG targets e.g., accidents/injuries onboard merchant vessel - Tech. manager indirectly relies on vessel operator with vessel employments and operations aligned with ESG targets to achieve the ESG targets 	<ul style="list-style-type: none"> - Engage with crew suppliers and ensure convergence towards common ESG targets such as accidents/injuries targets - Influence and inspire tech. manager with ESG targets, and support tech. manager on delivering their ESG targets
 Fuel supplier	<ul style="list-style-type: none"> - Vessel operator depends on access to green fuel supply from fuel suppliers - Fuel supplier depends on vessel operator for green fuel demand 	<ul style="list-style-type: none"> - Indicate clear demand for green fuel and support with long term commitment when it is possible

1. WtP: Willingness to Pay. Source: BCG & MMMCZCS analysis

A new mindset is required

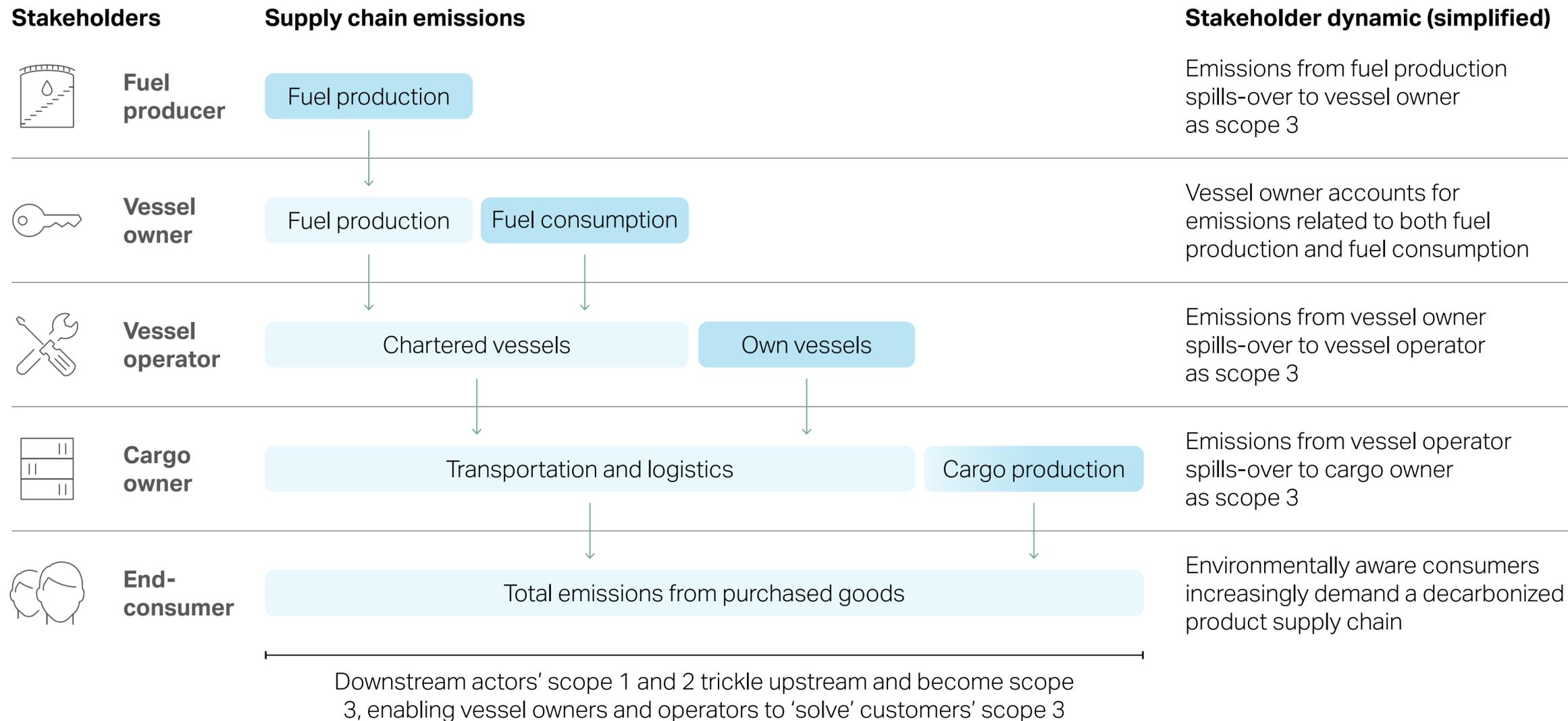
ESG acco
on collec

Environmental example

To reduce emissions in the supply chain, cross-company collaboration is key as suppliers' scope 1 & 2 is upstream scope 3



■ Scope 1 & 2 emissions
■ Scope 3 emissions



1. WtP: Willingness to Pay. Source: BCG & MMMCZCS analysis

A new mindset is required

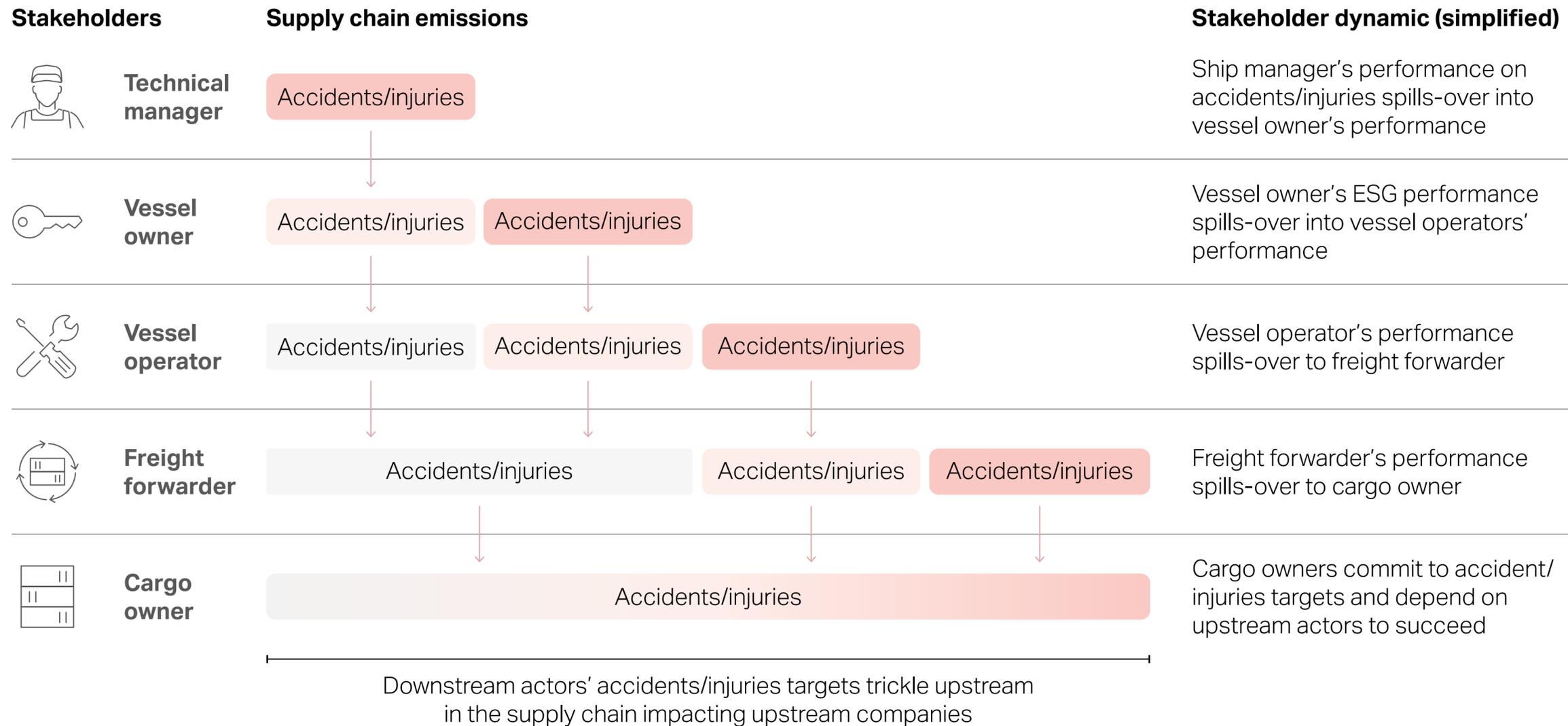
ESG acco
on collec

Social example

To succeed with accidents/injuries targets, downstream companies depend on upstream supplier engagements/collaboration



- Own operations
- Direct suppliers
- Indirect suppliers



Source: BCG & MMMCZCS analysis

Source: BCG & MMMCZCS analysis

Governance topics

A new mindset is required

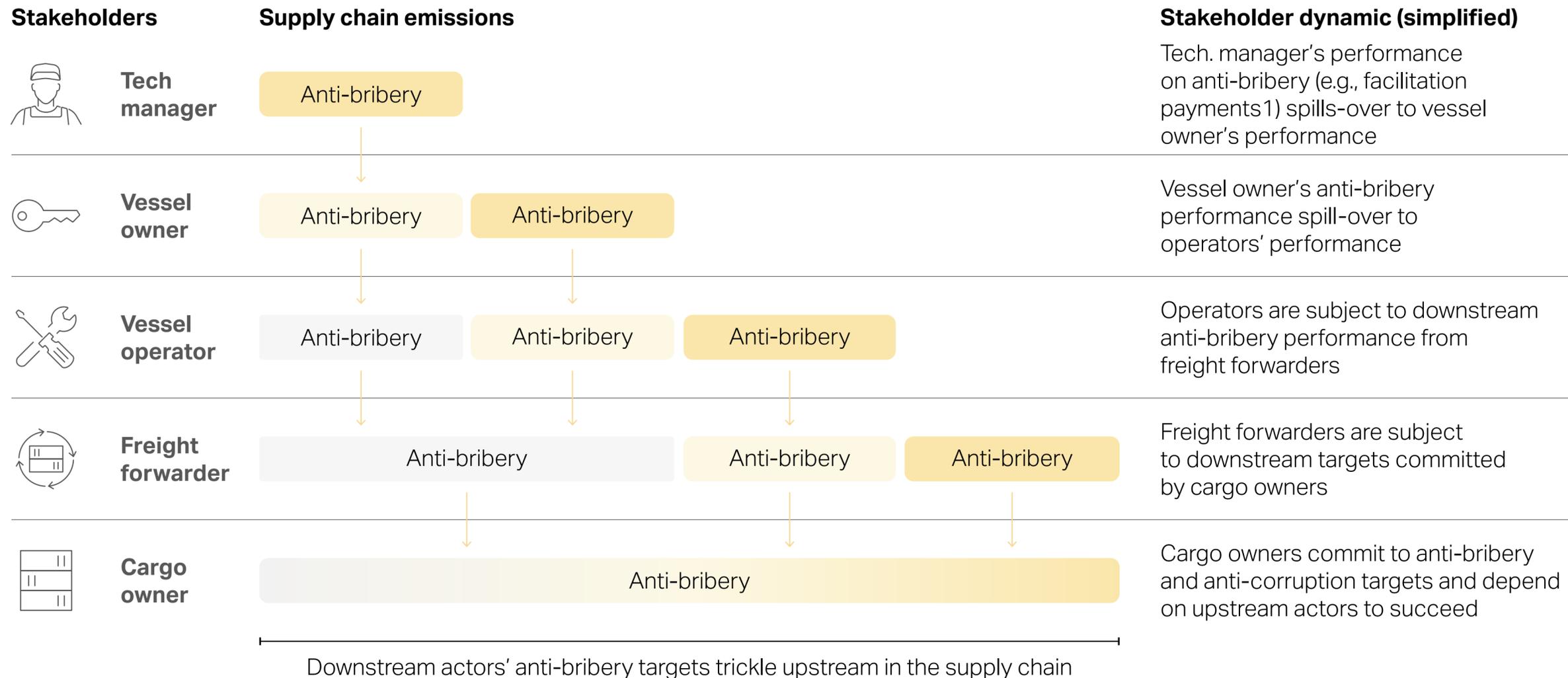
ESG acco
on collec

Governance example

Downstream companies will turn to data and policies from suppliers to showcase ESG performance



- Own operations
- Direct suppliers
- Indirect suppliers

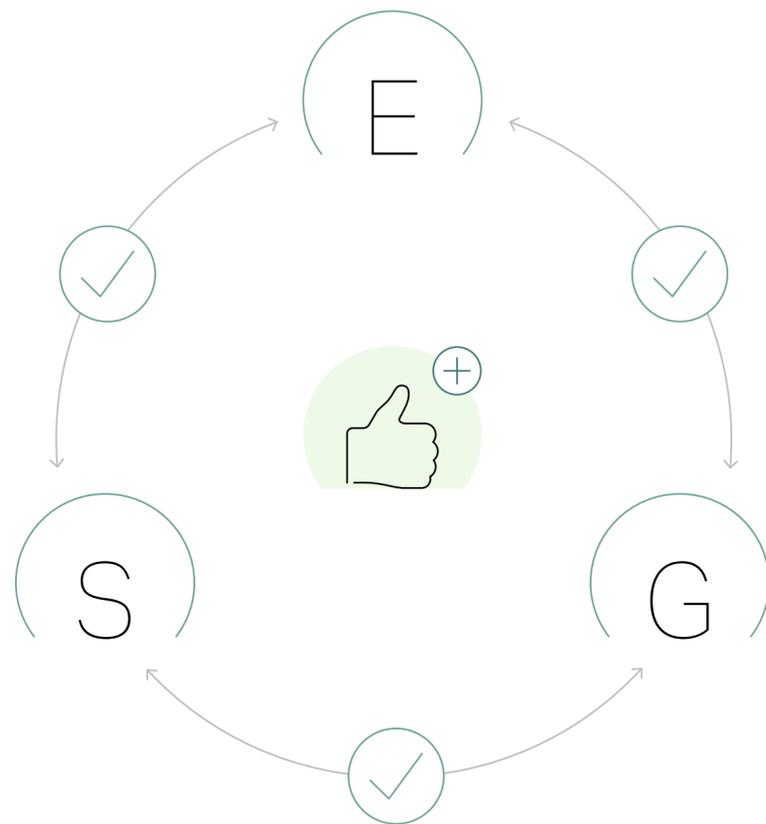


1. A facilitating payment is a financial payment that may constitute a bribe and is made with the intention of expediting an administrative process. Source: BCG & MMMCZCS analysis

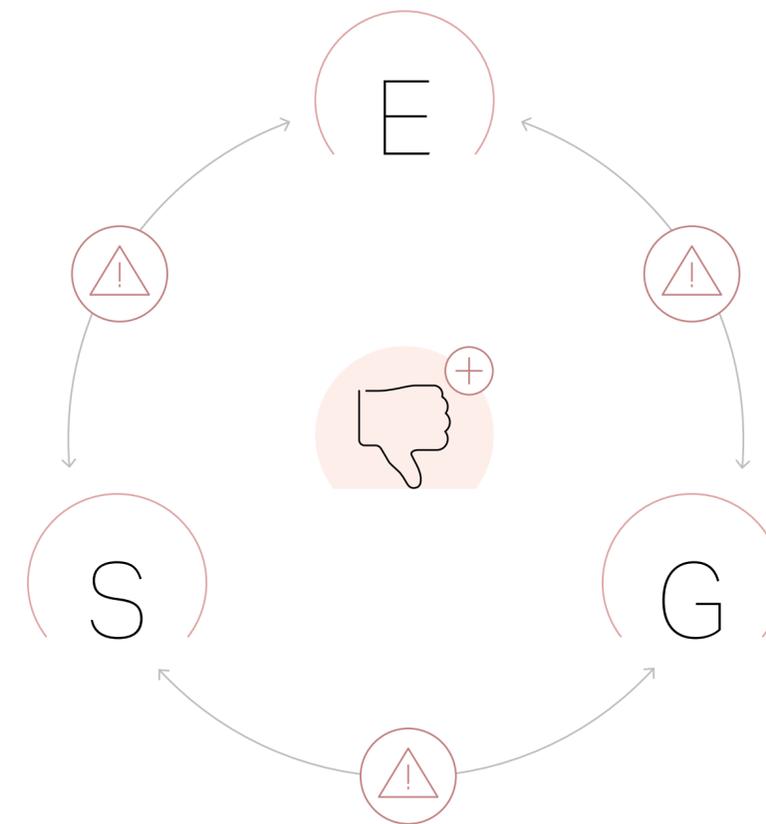
Environmental, Social & Governance reinforcement

Solid ESG strategies require a holistic approach & awareness of interdependencies of E, S, & G

How integrated thinking creates superior outcomes



How disintegrated thinking creates suboptimal outcomes



Source: BCG & MMCZCS analysis

Environmental, Social & Governance reinforcement

Solid ESG strategies require a holistic approach & awareness of interdependencies of E, S, & G

How in
creates S

thinking
outcomes

Taking a Holistic Approach is a method of looking at a system as a whole by assessing its integral composing parts and the interconnectedness of these parts. To succeed with ESG, think of each component (E, S and G) as mutually re-enforcing



Source: BCG & MMMCZCS analysis

Environmental, Social & Governance reinforcement

Solid ESG

Integrated thinking example



Vessel owner commit to net zero targets, invests accordingly in efficiency technology and identify relevant future fuels to reduce CO₂e emissions...

Reducing Emissions



... the derived need to up- or re-skill seafarers to ensure safe and accurate operations is identified and planned in collaboration with ship manager...

Upskilling/reskilling



... and data documenting annual progress on emission reductions incl. planned action is collected and shared with customers and investors – and made publicly available

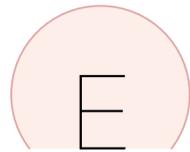
Data & transparency



Environmental, Social & Governance reinforcement

Solid ESG

Disintegrated thinking example



Vessel owner invests in efficiency technology and future fuels to reduce CO₂e footprint...

Reducing Emissions



... with no training, vessel crew lack skills to operate technology efficiently, leading to less CO₂e reductions as well as expose crew to potential significant safety risks

Not addressed



... insufficient data collection and missing disclosures leading to little credibility in targets and reputational risks among key stakeholders

Not addressed



Strategic approaches

Companies can take one of four approaches to ESG



Questions to consider



-  Two-sided approach
-  One-sided approach
-  Non-strategic approach

Strategic approaches

Companies can take one of four approaches to ESG



Questions to consider



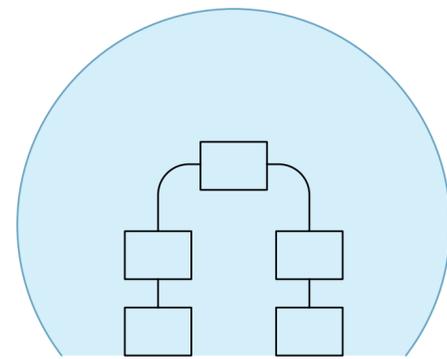
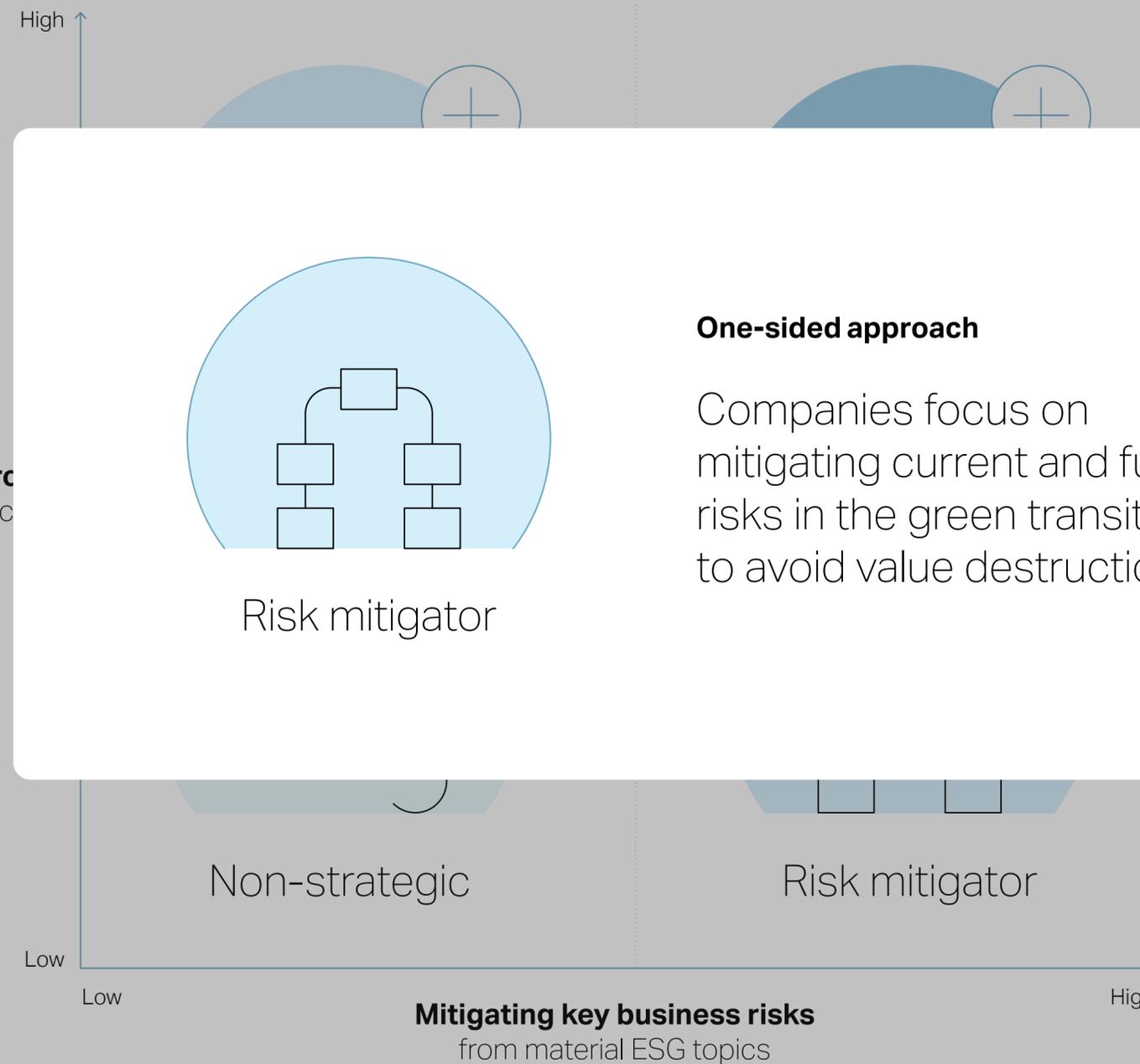
Strategic approaches

Companies can take one of four approaches to ESG



Questions to consider

Capturing **new sustainable pro**
pools from material ESG topics



Risk mitigator

One-sided approach

Companies focus on mitigating current and future risks in the green transition to avoid value destruction



Two-sided approach

One-sided approach

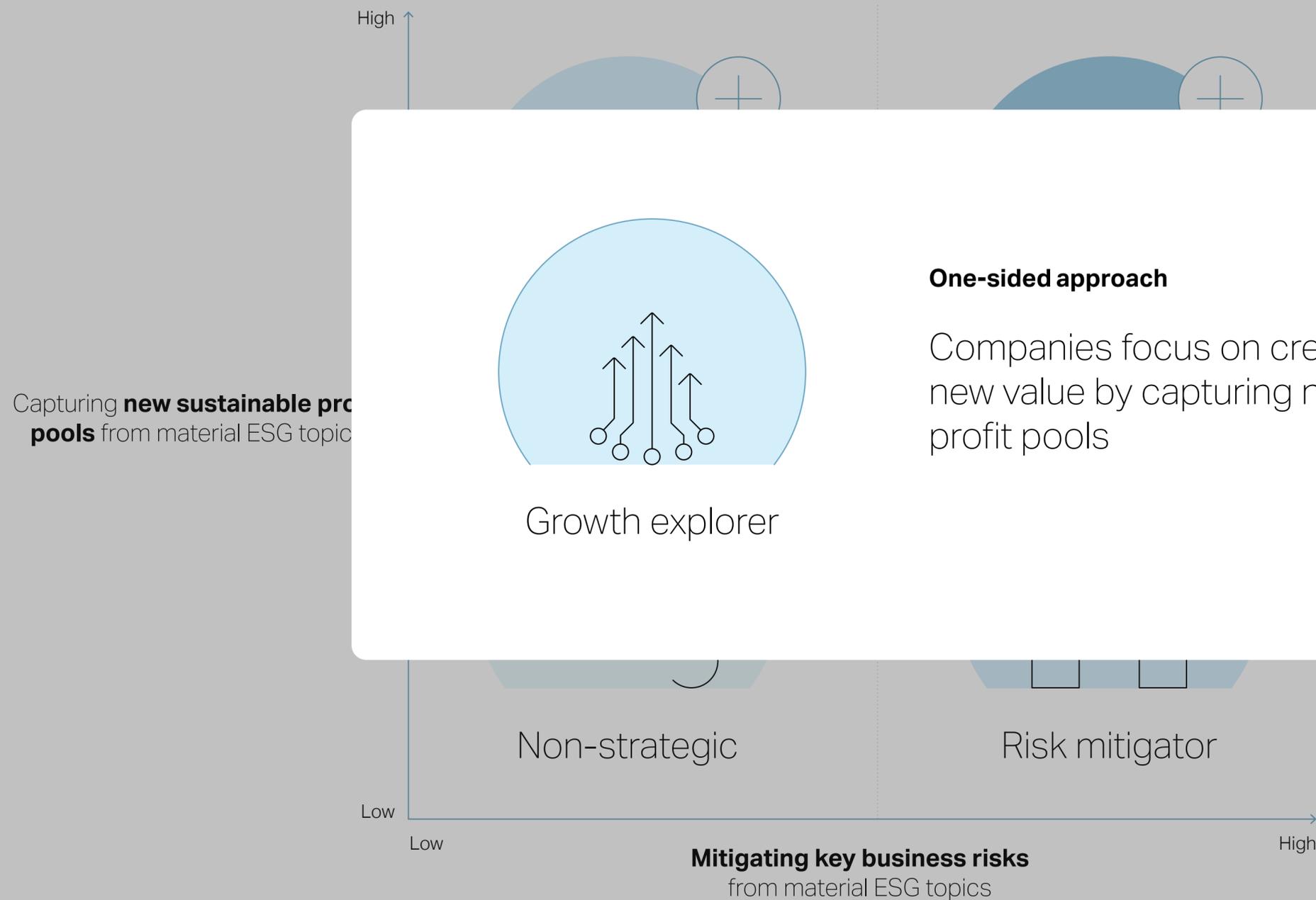
Non-strategic approach

Strategic approaches

Companies can take one of four approaches to ESG



Questions to consider



Close button (X)

Growth explorer

One-sided approach

Companies focus on creating new value by capturing new profit pools

- Two-sided approach
- One-sided approach
- Non-strategic approach

Strategic approaches

Companies can take one of four approaches to ESG



Questions to consider



Strategic approaches

Companies can take one of four approaches to ESG



Questions to consider

A white modal box with a question mark icon and two questions: "Where is your company currently?" and "Where do you want to be a couple of years from now?". The box has a close button (X) in the top right corner.

Capturing **new sustainable product pools** from material ESG topics



- Two-sided approach
- One-sided approach
- Non-strategic approach



ESG topics in the shipping industry & your segment

Explore >

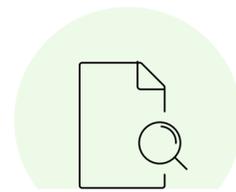
Materiality Assessment

Integrated analysis of which ESG topics you should focus on



What is it?

A materiality assessment is a structured process of determining which ESG topics are most important for your company based on an assessment of stakeholder importance and relevance for long-term business success



How does it work?

It considers your company using a materiality matrix along two dimensions: 1) Business Criticality and 2) Stakeholder Importance. By doing so, it visualizes which topics have the highest importance and potential impact for the company



Why is it helpful?

A materiality assessment provides an integrated and quantitative view into material topics, helping companies focus and compare themselves to peers and industry standards

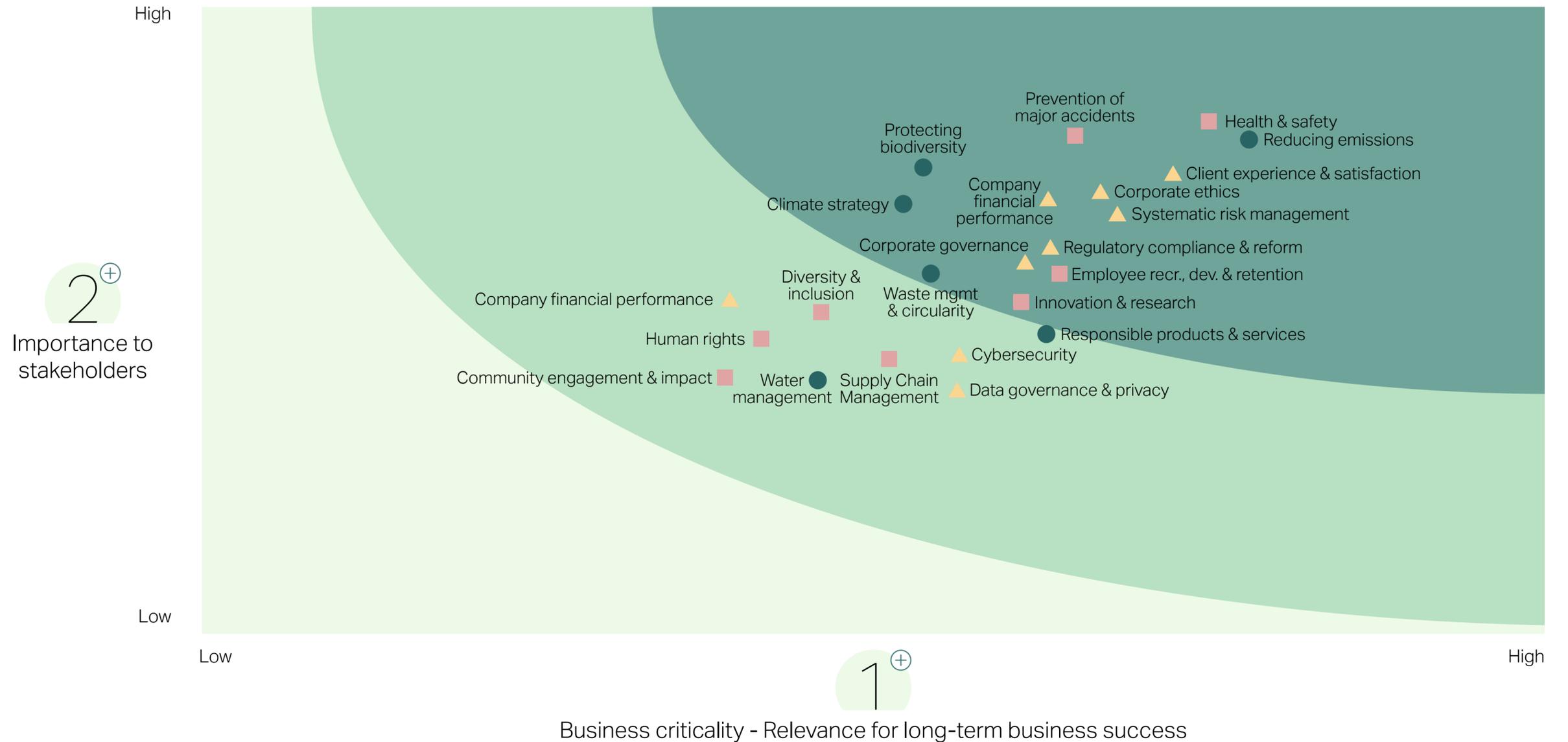


Materiality Matrix

The final output of a materiality assessment is a matrix that highlights the topics most material for your stakeholders and your business

Materiality matrix is a function of stakeholder importance and business criticality

Illustrative



Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrix

The final output of a materiality assessment is a matrix that highlights the topics most material for your stakeholders and

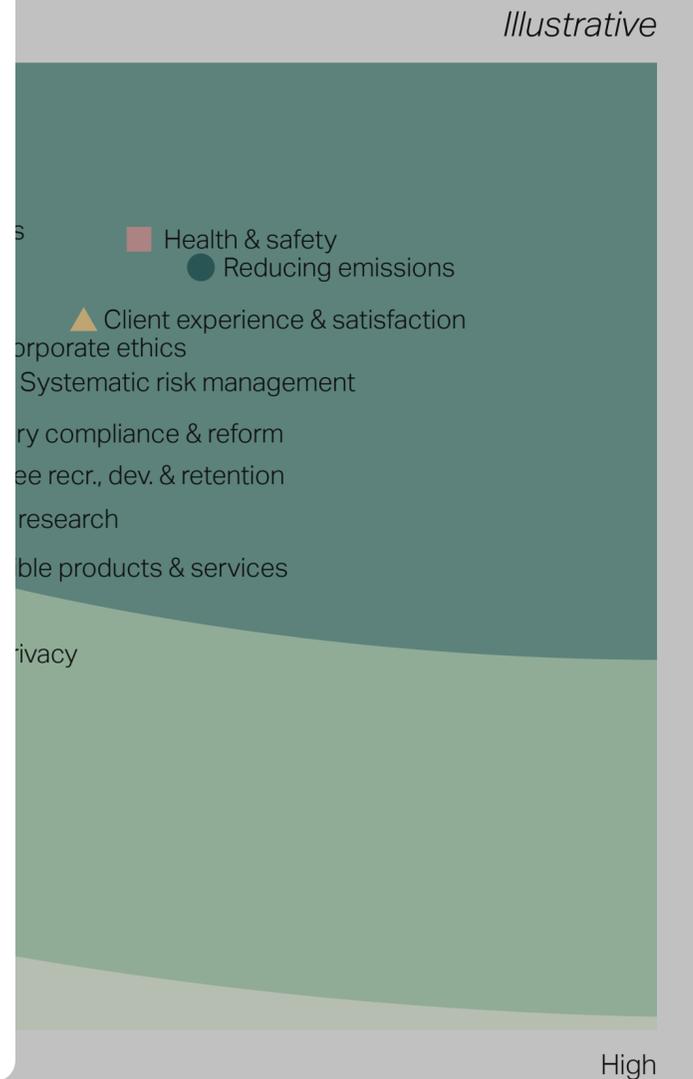
Materiality matrix is a function of stakeholder importance and business criticality

2⁺
Importance
stakeholder

- ▲ Governance
- Social
- Environmental

1 Business Criticality/ Relevance for long-term business success (X-axis)

- Result of internal inputs gathered from internal interviews across business units
- Double materiality:
 - Financial materiality: financial risks & opportunities for the business
 - Impact materiality: impacts on society and environment



Business criticality - Relevance for long-term business success

Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrix

The final output of a materiality assessment is a matrix that highlights the topics most material for your stakeholders and your business

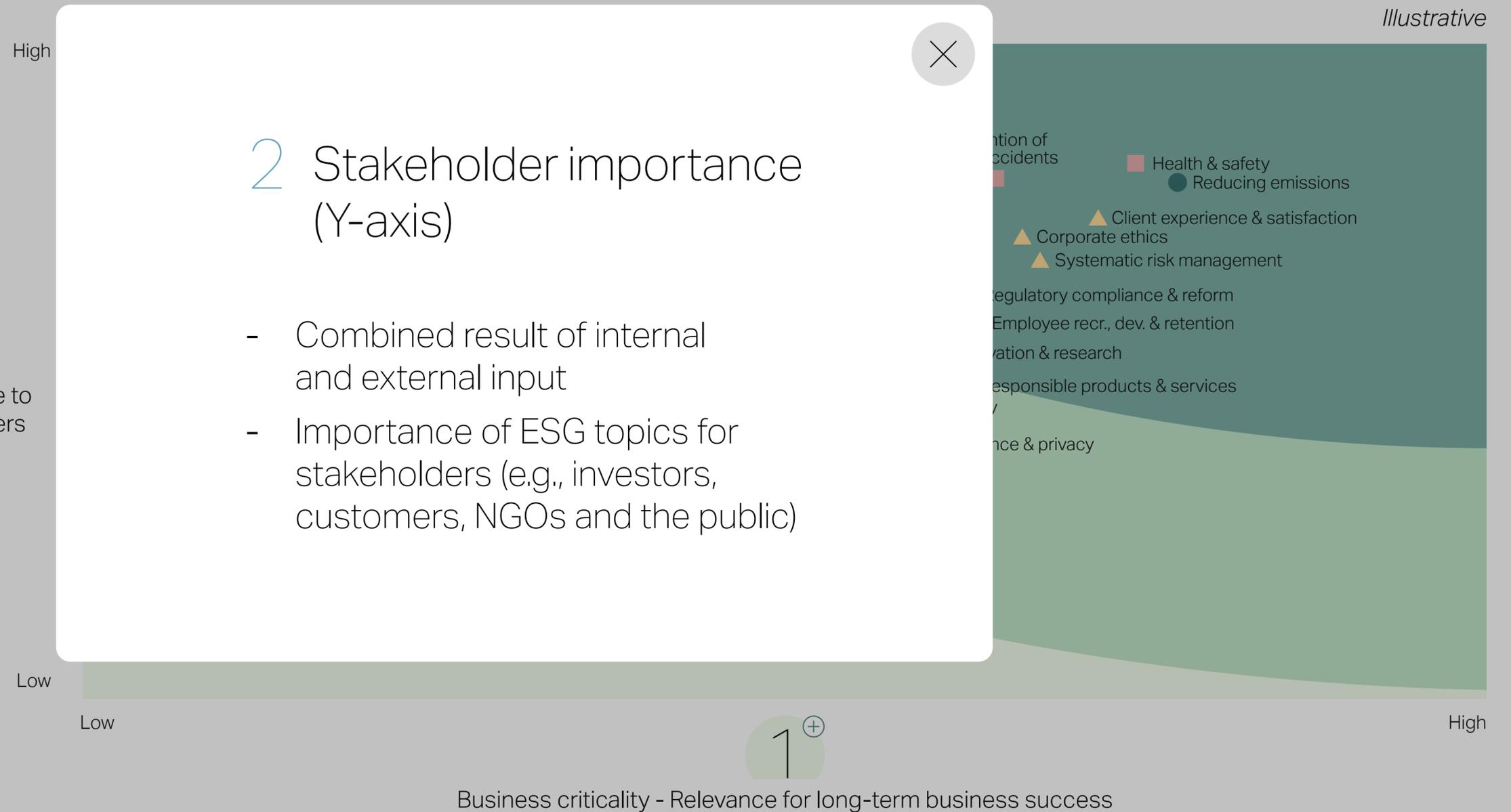
Materiality matrix is a function of stakeholder importance and business criticality

2⁺
Importance to stakeholders

2 Stakeholder importance (Y-axis)

- Combined result of internal and external input
- Importance of ESG topics for stakeholders (e.g., investors, customers, NGOs and the public)

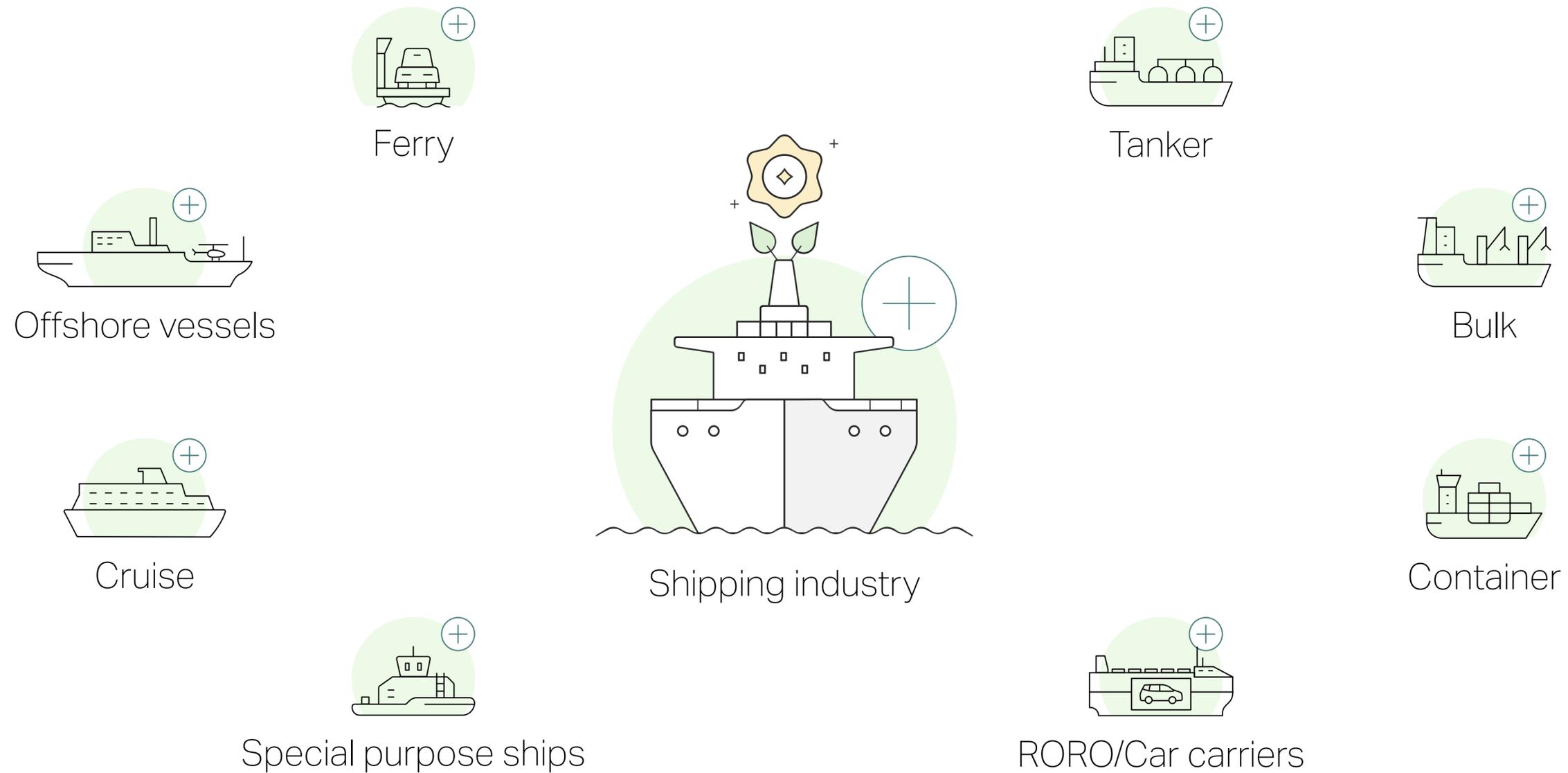
- ▲ Governance
- Social
- Environmental



Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each segment has its own materiality matrix encompassing the differences across

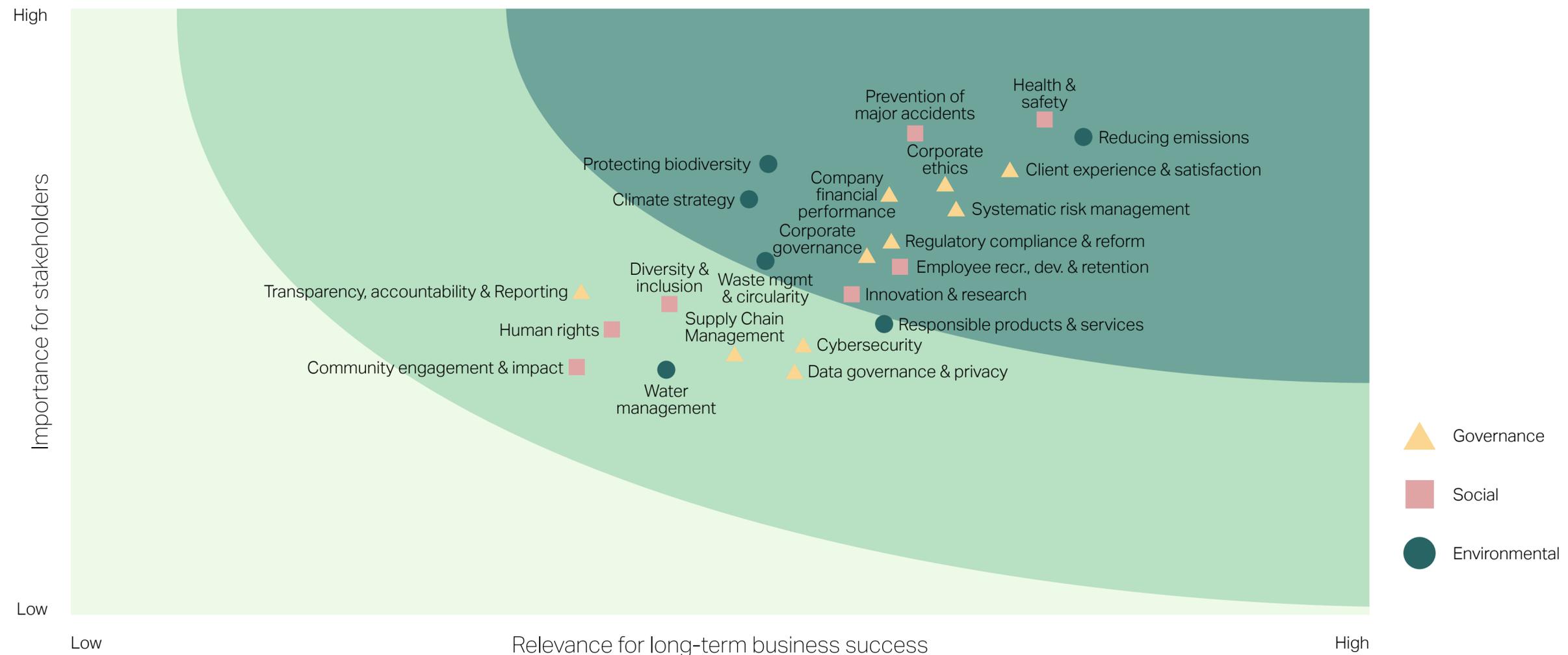


Materiality Matrices

Each segment

Shipping Industry Matrix

The matrix for the shipping industry shows the importance of Reducing Emissions and Health & Safety



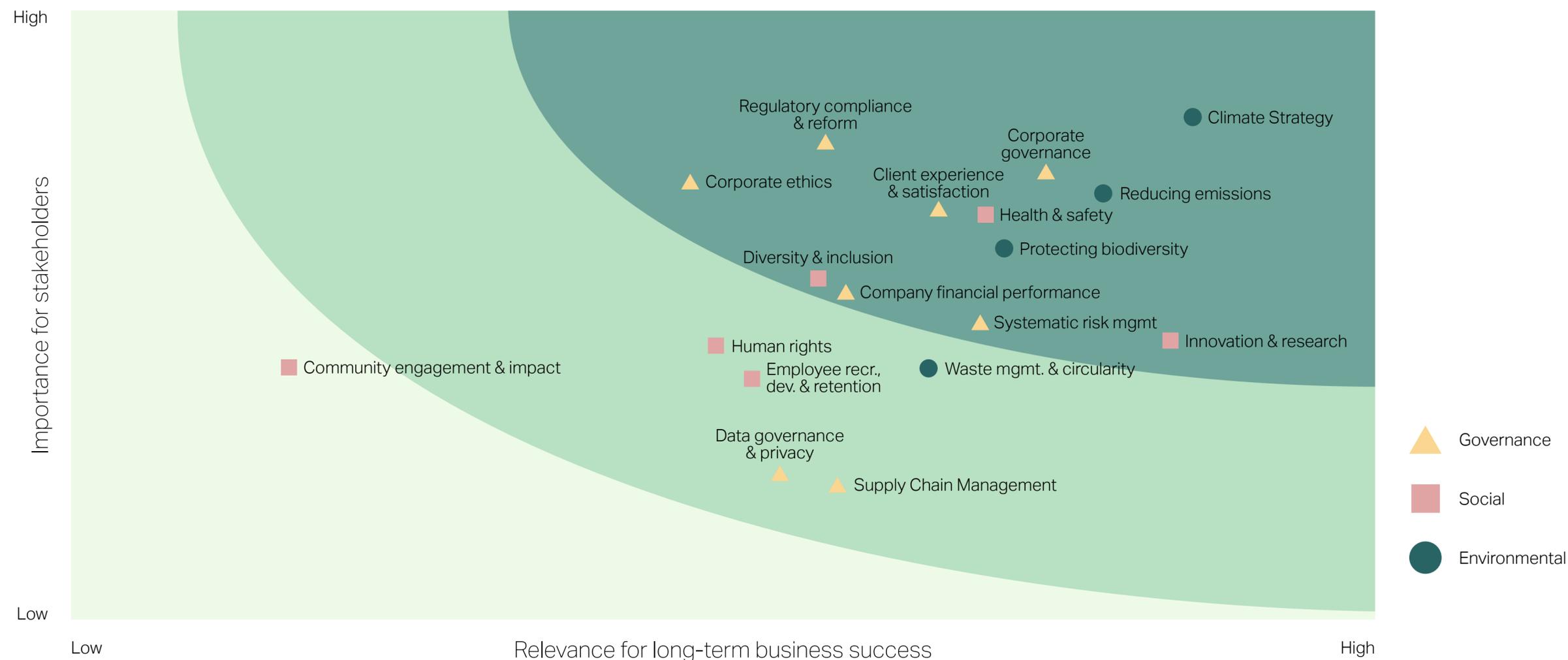
Note: Includes ESG topics mentioned by at least 10 times by the 47 analyzed companies
Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each seg

Tanker

Consolidated materiality matrix for the tanker segment



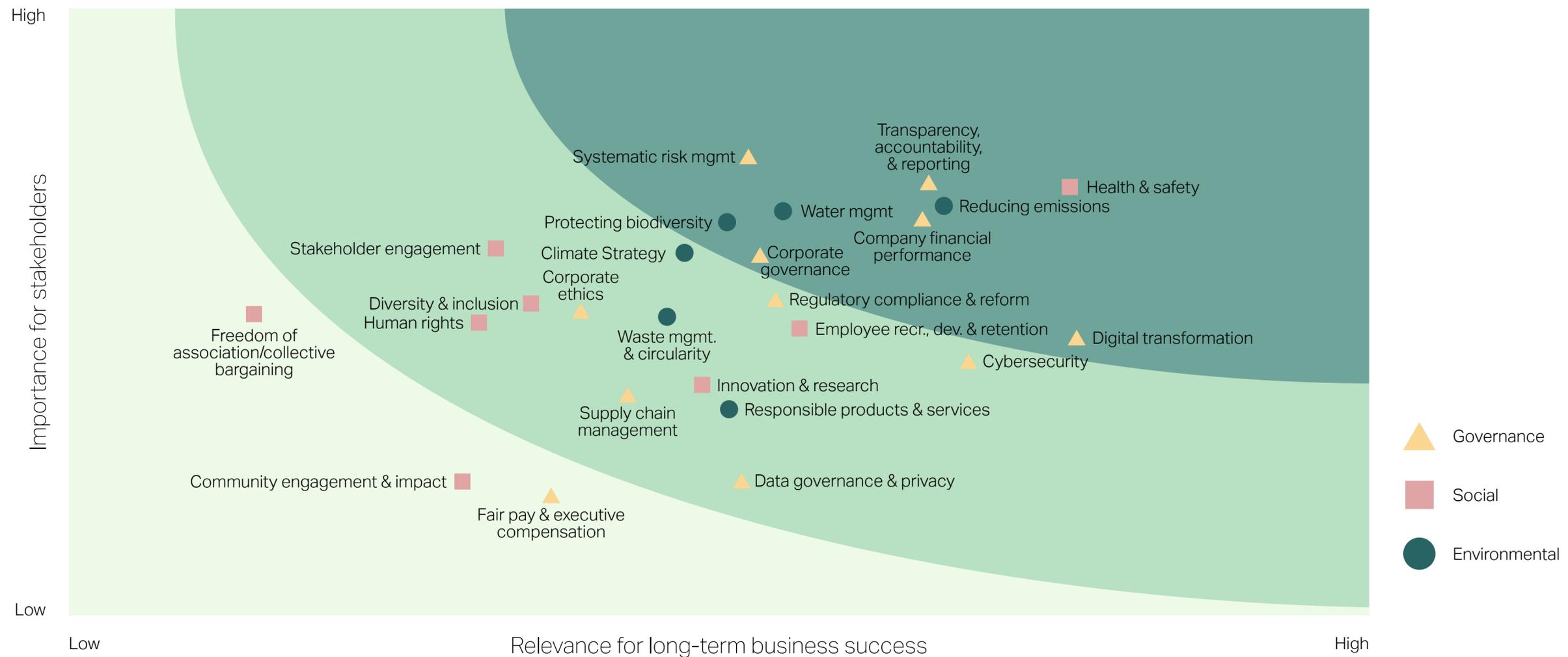
Note: Sample size 6 tanker companies
Source: BCG's Materiality Mapping Analytics Product (MMA)

Materiality Matrices

Each seg

Bulk

Consolidated materiality matrix for the Bulk segment



Note: Sample size 8 Bulk companies
Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each seg

Container

Consolidated materiality matrix for the container segment



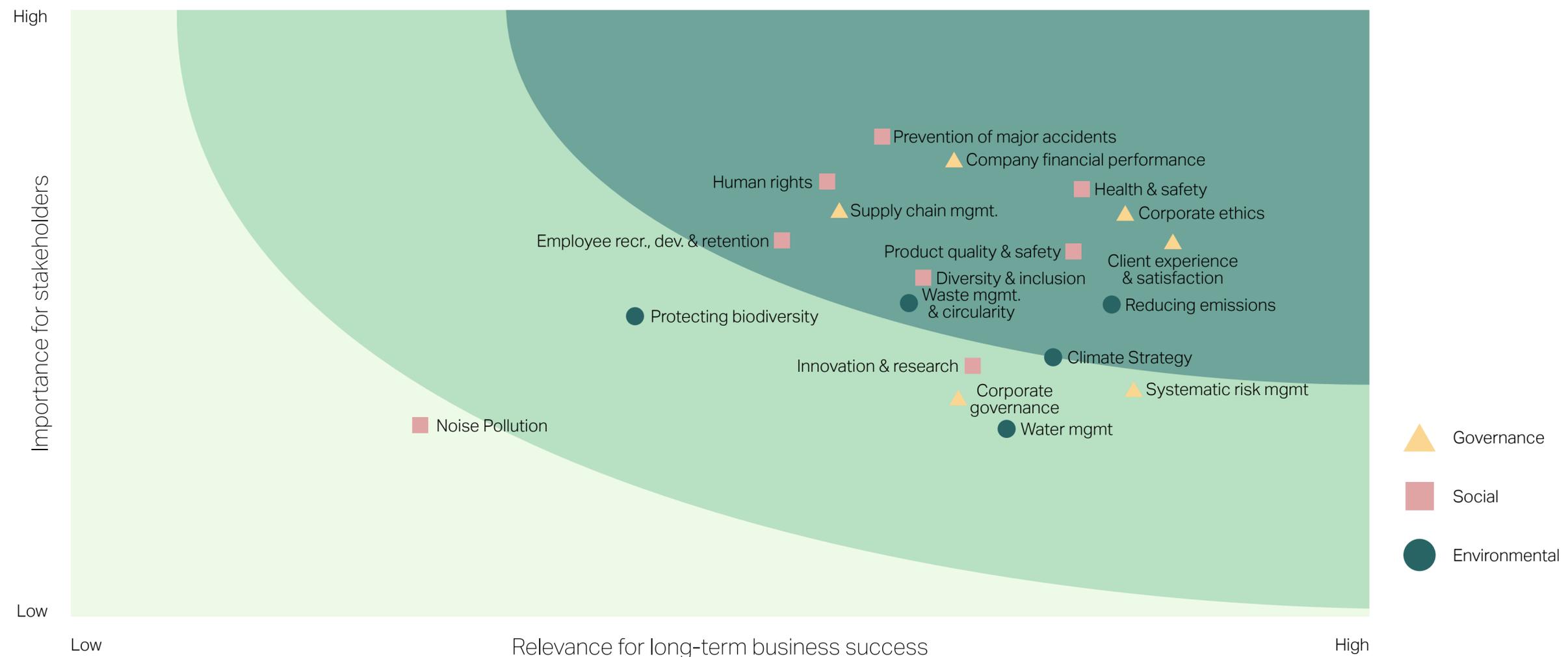
Note: Sample size 8 container companies
Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each seg

RORO/Car Carriers

Consolidated materiality matrix for the RORO segment



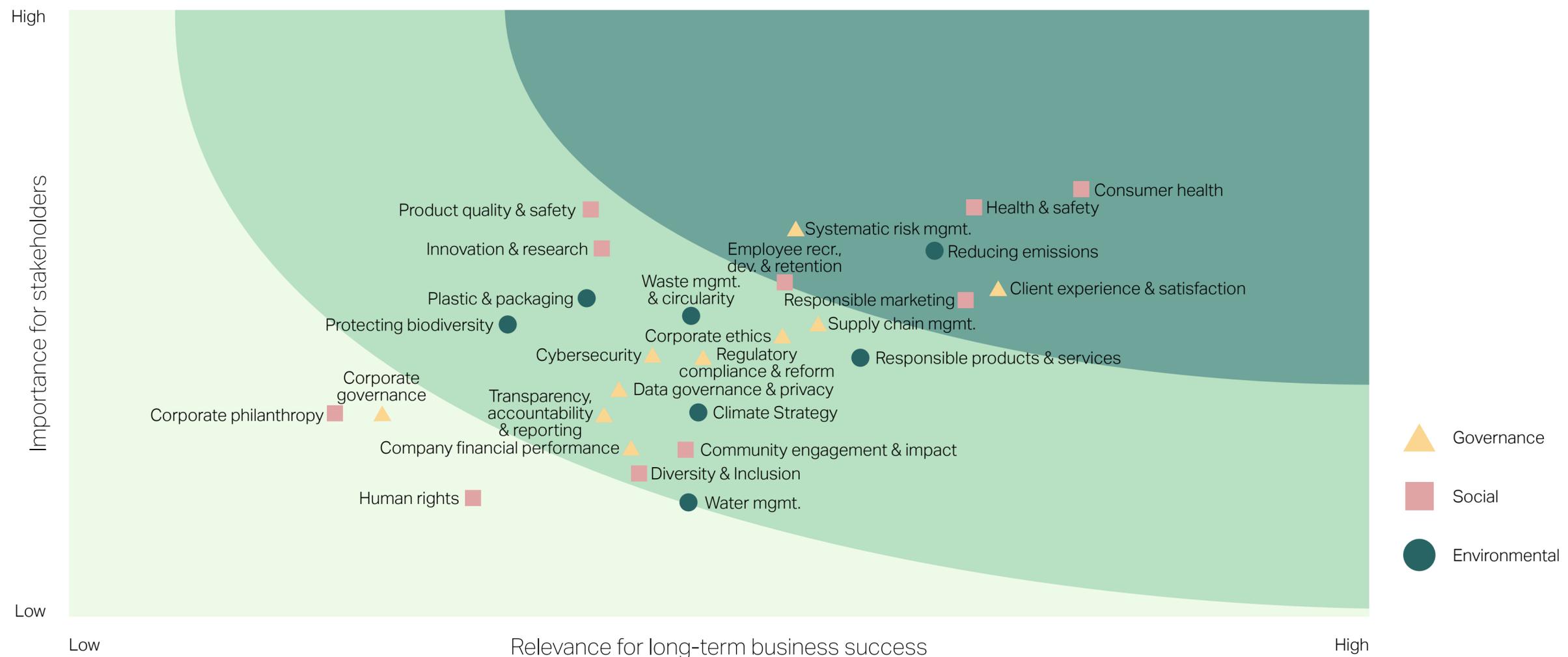
Note: Sample size 4 RORO companies
Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each seg

Ferry

Consolidated materiality matrix for the ferry segment



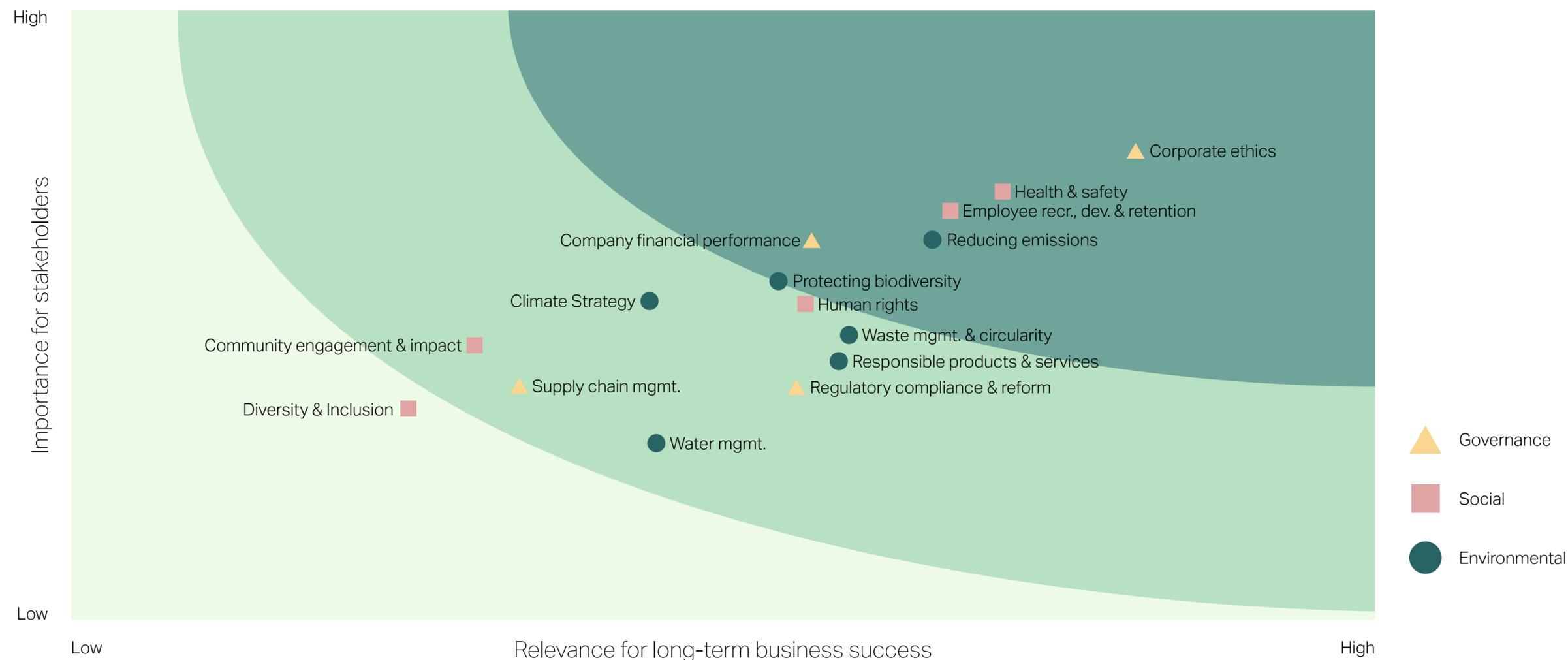
Note: Sample size 7 ferry companies
Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each seg

Offshore Vessels

Consolidated materiality matrix for the offshore segment



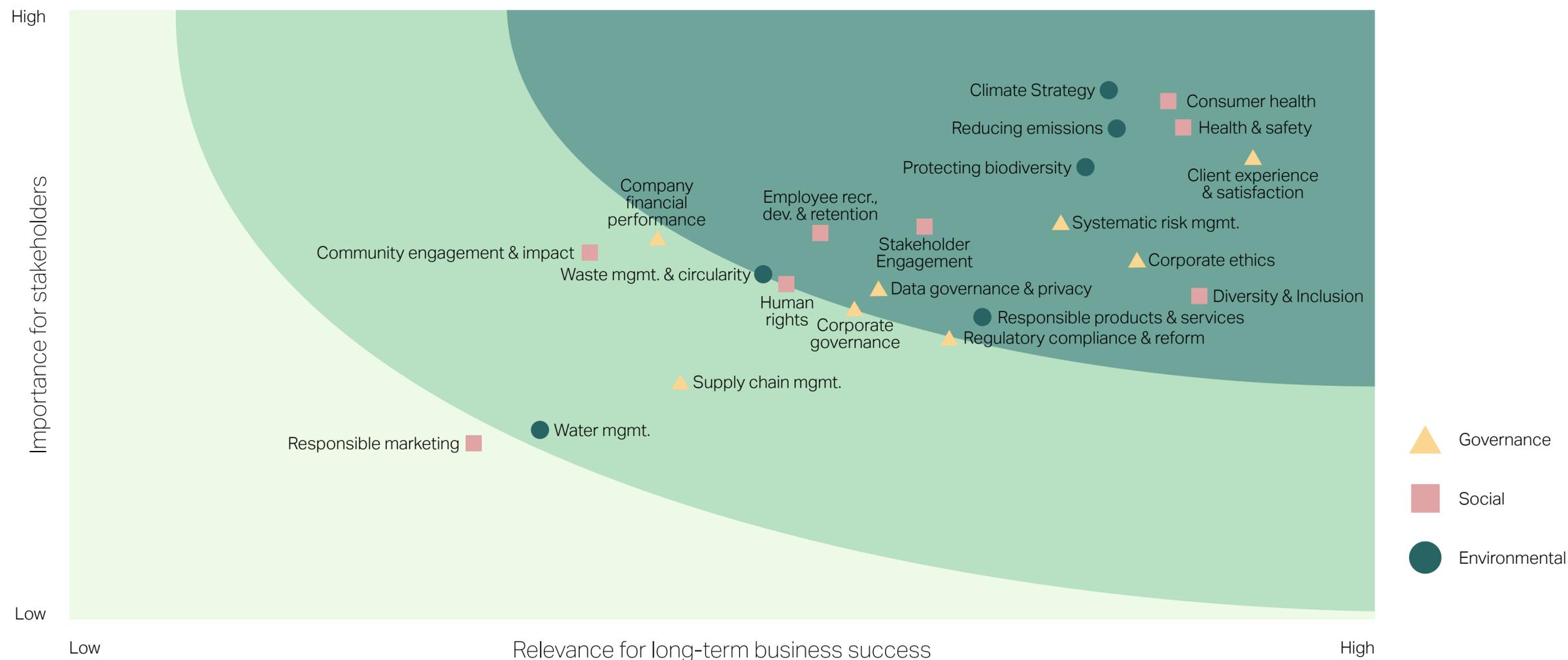
Note: Sample size 6 offshore vessel companies
Source: BCG's Materiality Mapping Analytics Product (MMAP)

Materiality Matrices

Each seg

Cruise

Consolidated materiality matrix for the cruise segment



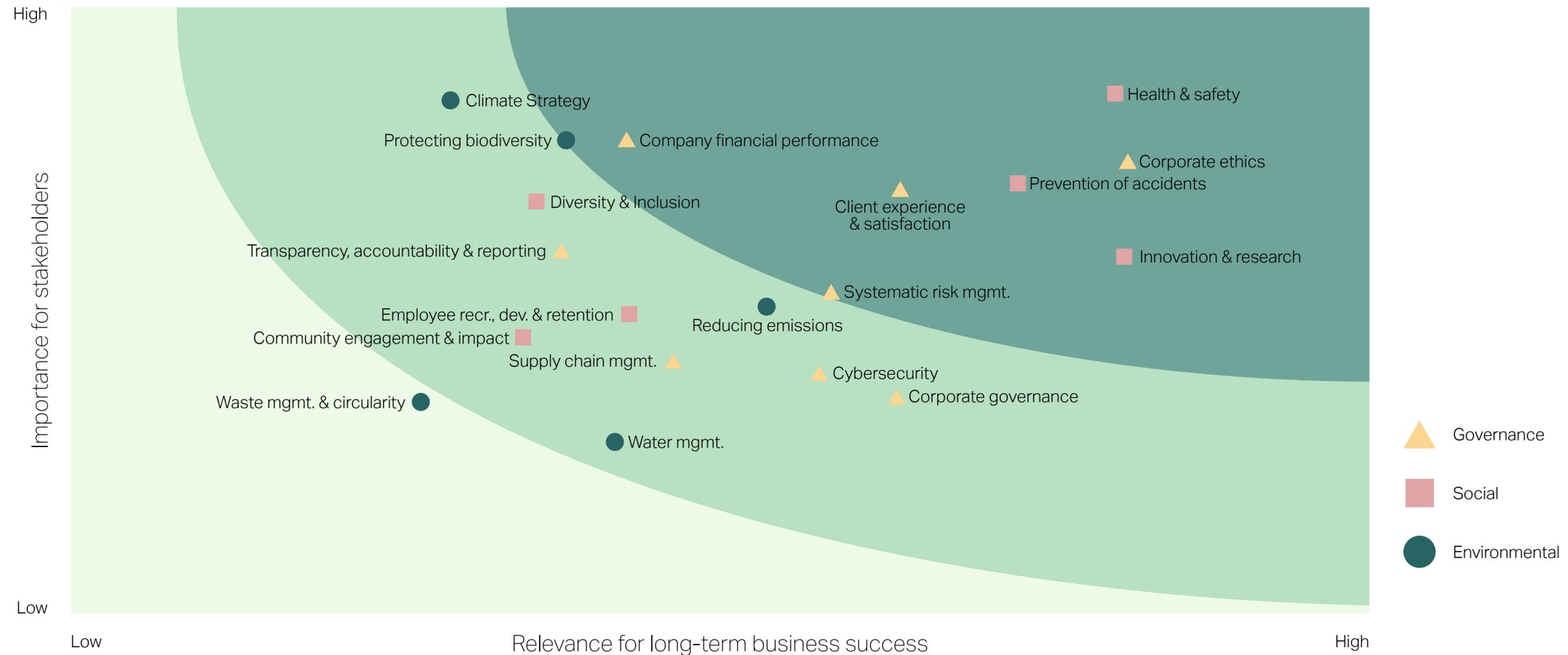
Note: Sample size 4 cruise companies
Source: BCG's Materiality Mapping Analytics Product (MMA)

Materiality Matrices

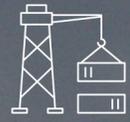
Each seg

Special Purpose Ships

Consolidated materiality matrix for the special purpose segment



Note: Sample size 4 special purpose ship companies
Source: BCG's Materiality Mapping Analytics Product (MMA)



Key components of your ESG Strategy

Explore >



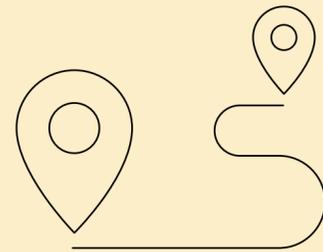
What is a credible ESG strategy?

Strategy credibility through long-term and interim target setting, investments in initiatives, and ongoing transparency on progress

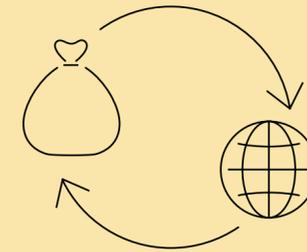
Foundation of a credible ESG strategy



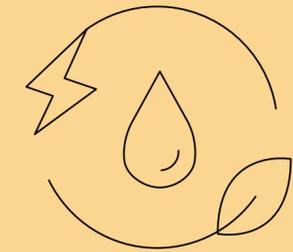
Set time-bound long-term ESG commitments with interim targets



Develop an initiative roadmap for how to achieve targets



Invest in initiatives and governance



Track progress and report using globally recognized standards such as SASB, GRI, CDP, and TCFD

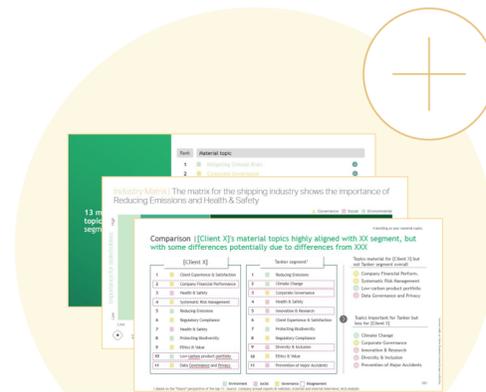
Building blocks

Five instrumental pieces of your ESG strategy



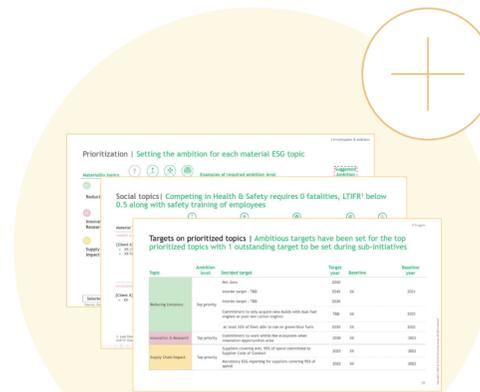
ESG baseline

- Current state of E, S, and G for your shipping company
- Analytical foundation for the ESG project



Material topics

- Most important topics within E, S, and G for your shipping company
- Benchmark to overall industry and your industry segment



ESG targets

- Prioritized targets across E, S, and G aligned with company priorities
- Ambitions for your shipping company



Main initiatives

- Detailed and tangible initiatives to reach new ESG targets
- Clearly defined actions and roles



ESG roadmaps

- Roadmaps for prioritized initiatives
- Sub-initiative charters describing actions and deliverables

The key pieces constitutes the **ESG strategy**

Building blocks

Five

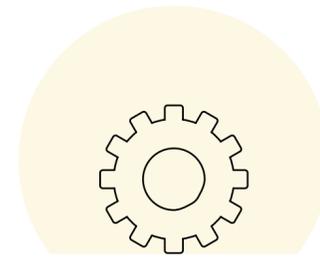
ESG baseline

Creating a baseline gives the analytical foundation for the ESG strategy project and allows for benchmarking across companies & industries



Why

- Provides the **analytical foundation** for the ESG project
- Identifies **current blind spots** in data needed for future target tracking and ESG reporting
- Enables **comparison across companies** & industries
- Identifies **company challenges and strengths**
- Secures **informed prioritizations** based on data
- Builds **foundation for future ESG** reporting



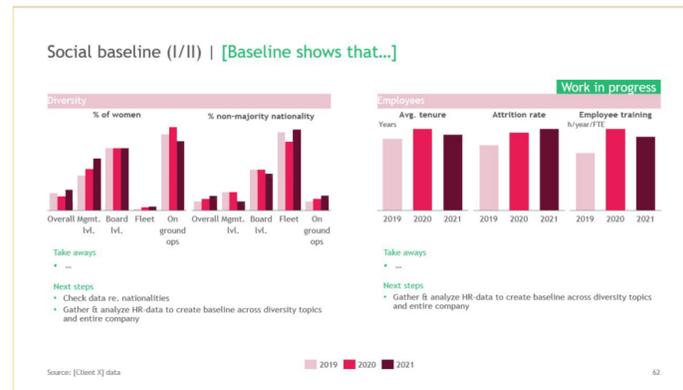
How

- **Gather data** for E, S, and G
 - **Data for E:** GHG emissions, air pollution, resource consumption & ecological impact, etc.
 - **Data for S:** diversity, employee tenure & training, health & safety, human rights & community, etc.
 - **Data for G:** mgmt., shareholders & risk, ESG governance & supplier mgmt., etc.
- **Setup visualization of data** across all three dimensions for your ESG strategy and future reporting

Sanitized examples from playbook project of ESG baseline



Source: BCG and MMMCZCS analysis



Source: BCG and MMMCZCS analysis

Building blocks

Five

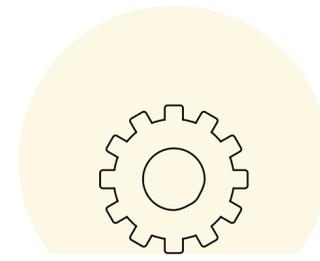
Main initiatives

Strong main initiatives to accelerate momentum for prioritized topics, enabling your organization to reach your ESG targets



Why

- Describes **overall aim and components of company main initiatives**
- Sets the **company direction for future implementation** of ESG initiative to drive change
- Provides **tangible overview of organizational expectations**
- Sharpens **organizational focus** even more on a few prioritized topics to ensure capacity to **reach ESG targets**
- Defines roles of **responsibility and sponsorship**



How

- **Describe the overall ambition for topics** you have chosen as top priority, thus making your main initiatives
- **Create long-list of sub-initiatives** to comprise your main initiatives gathering inspiration internally & from other comp.
- **Conduct high level assessment of sub-initiatives** on impact, commercial value, and feasibility
- **Facilitate prioritization discussions** of sub-initiatives, thereby choosing sub-initiatives to construct your main initiatives

Sanitized examples from playbook project of Main initiatives

High level assessment | Preliminary assessment of initiatives prior to workshop

Number	Initiative	ESG impact	Commercial value	Feasibility	Aggregated assessment	Initiative type
1	--	High	Med.	High	High	Indirect initiative
2	--	High	Med.	High	High	Indirect initiative
3	--	High	Med.	High	High	Direct initiative
4	--	High	Med.	High	High	Direct initiative
5	--	High	Med.	High	High	Direct initiative
6	--	NA*	NA*	High	NA*	Enabler
7	--	NA*	NA*	High	NA*	Enabler

*Enabling initiatives have not been assessed on ESG impact and commercial value as they work as catalysts to other initiatives with no direct effect e.g., on emission reductions

Source: Project team analysis

Main initiative charter | Reducing Emissions

Topic: Reducing Emissions | Position: Comply | Complete | Lead

Legend: ● Current position ● Future position → Gap

Lighthouse description & rationale

- The lighthouse 'Reducing Emissions' accelerates (Client X)'s GHG emission reductions
- The lighthouse is centered around a clear net zero commitment by 2050 with robust interim targets (2030 & 2040)

Value creation

- Customer:** Premium pricing & customer loyalty from zero carbon offering
- Investor:** Decrease risk for divestments and increase future investor interests
- Regulator:** Avoid regulatory risks from carbon regulation
- Relevant supply chain collab.:** Downstream collab. Develop long-term contracts with XXX
- Upstream collab.:** Engage in knowledge partnerships with XXX

Resourcing

- FTEs:** XX FTEs for managing overall decarbonization efforts
- Initiative based resourcing:** Validated net zero targets: XX FTEs
Decarbonization levers: XX FTEs
XX weeks
Supply chain partnership: XX FTE for XX months
- Responsible and sponsor:** Responsible: Head of Sustainability
Sponsor: CEO, CCO

Sub-initiatives for lighthouse

- Validated net zero targets
- Co2e baseline
- Technological efficiency levers
- Operational efficiency levers
- Internal cost of carbon

Ambition & targets

Net Zero in 2050 (SBTi approved)

Interim targets (2021 baseline)

- XX% reduction in 2030
- XX% reduction in 2040

Source: Project team analysis

Source: BCG and MMMCZCS analysis

Source: BCG and MMMCZCS analysis

Building blocks

Five

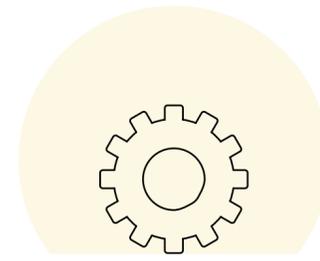
ESG Roadmaps

Clear guidance and next steps for prioritized topics will help drive change and implement your ESG strategy



Why

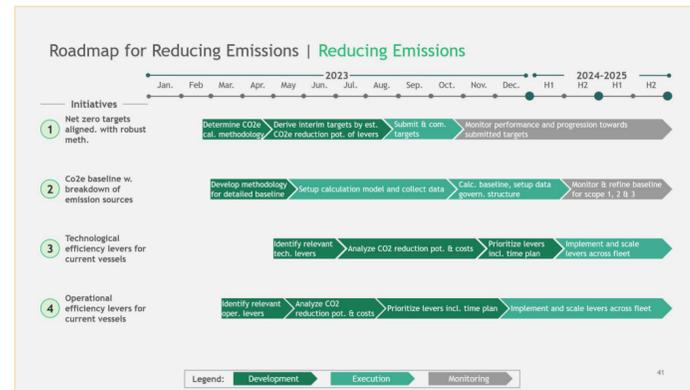
- Details the **implementation of sub-initiatives** in main initiatives to drive impact
- Anchors sub-initiatives by **creating ownership and responsibility** in the organization
- Ensures **balanced prioritization and resource pull by phasing** of sub-initiatives across main initiatives
- Outlines **resource need and deliverables** for sub-initiatives
- Defines **clear actions and next steps** for all sub-initiatives



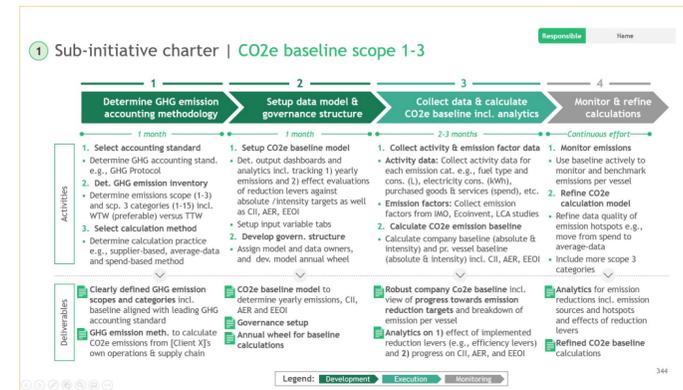
How

- **Construct the overall roadmaps** for your main initiatives
- **Detail each sub-initiative** together with future responsible to make all of them tangible and actionable
- **Estimate resources needed** to implement each sub-initiative
- **Phase sub-initiatives in each main initiative** and coordinate across main initiatives, utilizing synergies across initiatives
- **Present all main initiatives** to ensure buy-in and anchoring across main initiatives broader in the organization

Sanitized examples from playbook project of ESG Roadmaps



Source: BCG and MMMCZCS analysis



Source: BCG and MMMCZCS analysis

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important to you?



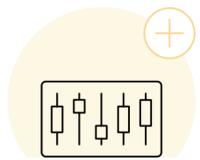
Baseline walkthrough



Kick-off meeting



Individual materiality topic interviews



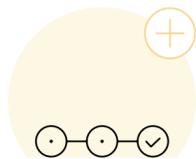
Materiality assessment workshop

Phase 2

What will you prioritize?



Prioritization & ambition workshop



Target setting workshop



Main initiatives workshop



Sign-off meeting

Phase 3

How do you execute?



Roadmaps & Anchoring workshop



Wrap-up meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



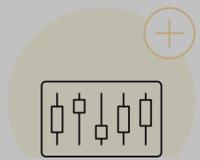
Baseline walkthrough



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop



Main initiatives workshop



Sign-off meeting



Phase 1

Baseline walkthrough

Suggested meeting preparations:

- Collect data on dimensions of E, S, and G
- Set up baseline visualizations

Suggested meeting objectives:

- Assess company performance on dimensions of E, S, and G
- Evaluate data availability

Phase 3

How do you execute?

Maps & Morning workshop

Up meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



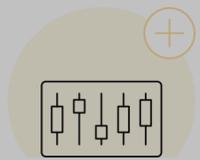
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop



Main initiatives workshop



Sign-off meeting

Phase 3

How do you execute?

Workshops & steering workshop

Follow-up meeting

Phase 1

Kick-off meeting

Suggested meeting preparations:

- Decide on steering committee for ESG project with sufficient senior leadership involvement
- Refine baseline visualizations

Suggested meeting objectives:

- Strong start of ESG project
- Align expectation re. resources, commitment, and outcome
- Share key findings from ESG baseline with broader group

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Phase 3

Why is it important?

Phase 1

Individual materiality topic interviews

Suggested meeting preparations:

- Prepare interview guide
- Share a pre-read interview guide & supporting material with interviewee

Suggested meeting objectives:

- Identify what internal and external stakeholders perceive to be the most critical ESG topics for you
- Materiality matrix based on multiple interviews



Baseline walkth



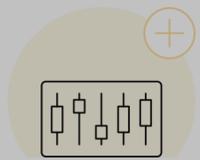
Kick-off meetin



Individual materiality topic interviews



Main initiatives workshop



Materiality assessment workshop



Sign-off meeting

How do you execute?

Workshops & steering workshop

Follow-up meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



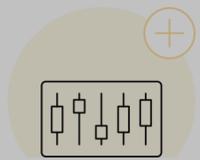
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop

Phase 1

Individual materiality topic interviews

Suggested meeting preparations:

- Make your materiality matrix
- Gauge the future development of the material topics

Suggested meeting objectives:

- Alignment on the ~10 most material ESG topics for you
- Set the frame for the final ESG strategy



Main initiatives workshop



Sign-off meeting

Phase 3

How do you execute?

Workshops & steering workshop

Follow-up meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



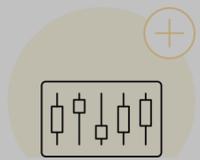
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop

Phase 2

Prioritization & ambition workshop

Suggested meeting preparations:

- Find examples of different level of ambitions for each topic
- Gauge the future development of the material topics
- Prepare workshop facilitation, e.g., online white boards

Suggested meeting objectives:

- Decide ambition levels of all material topics
- Define a few (2-4) top priority topics to focus your efforts on



Phase 3

How do you execute?

Maps & Prioritization workshop

Sign-off meeting



Main initiatives workshop



Sign-off meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



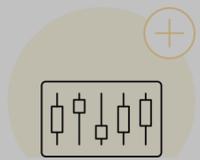
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop

Phase 2

Target setting workshop

Suggested meeting preparations:

- Create targets examples of different level of ambitions for each topic for inspiration

Suggested meeting objectives:

- Decide targets & target years for top ~10 material topics



Phase 3

How do you execute?

Workshops & steering workshop

Follow-up meeting



Main initiatives workshop



Sign-off meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



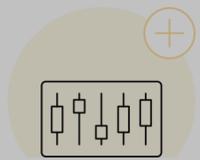
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop

Phase 2

Main initiatives workshop

Suggested meeting preparations:

- Describe potential sub-initiatives to comprise the main initiatives
- Prepare workshop facilitation, e.g., online white boards

Suggested meeting objectives:

- Define components of main initiatives on lead topics



Phase 3

How do you execute?

Workshops & steering workshop

Sign-off meeting



Main initiatives workshop



Sign-off meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



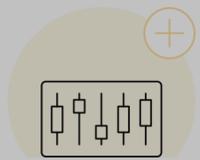
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop

Phase 2

Sign-off meeting

Suggested meeting preparations:

- Collect and compile all latest versions of major content pieces from phase 2
- Create first view on ESG roadmaps

Suggested meeting objectives:

- Sign-off on all major content pieces of phase 2
- Internal alignment enabling future strategy anchoring



Phase 3

How do you execute?

ESG roadmaps & strategy workshop

Stakeholder group meeting



Main initiatives workshop



Sign-off meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



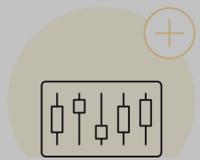
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop

Phase 2

Phase 3

Roadmaps & Anchoring workshop

Suggested meeting preparations:

- Refine ESG roadmaps for main initiatives
- Describe activities and deliverables of sub-initiatives

Suggested meeting objectives:

- Anchor each main initiative with the future responsible
- Adjustments of roadmaps and sub-initiatives as needed



Phase 3

How do you execute?

Roadmaps & Anchoring workshop

Follow-up meeting



Main initiatives workshop



Sign-off meeting

Phases

The strategy process consists of 3 phases and 10 key meetings

Phase 1

Why is it important?



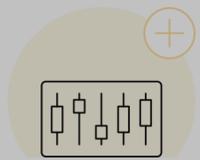
Baseline walkthru



Kick-off meeting



Individual materiality topic interviews



Materiality assessment workshop



Main initiatives workshop



Sign-off meeting



Phase 3

Wrap-up meeting

Suggested meeting preparations:

- Prepare for presentation of the main initiatives with detailed ESG roadmaps and descriptions
- Collect all deliverables to form your coherent ESG strategy

Suggested meeting objectives:

- Coherent ESG strategy with clear and tangible actions as next step for your organization

Phase 3

How do you execute?

ESG roadmaps & Main initiatives workshop

Sign-off meeting



Contact Information

Explore >



Contact

If you want to know more or be assisted in the process of making your ESG strategy - reach out to us!



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Mærsk Mc-Kinney Møller Center
for Zero Carbon Shipping



Read more about the Center



Read more about BCG's Climate & Sustainability practice



Contact

If you want to learn more about your ESG

The Center



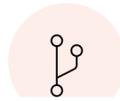
The Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping is a not-for-profit, independent, and science-based research and development center



We set the course for a sustainable transition

The Center sets the course for sustainable maritime decarbonization by assessing, informing and guiding the industry transition.

Guided by targets outlined in the Paris Agreement, the Center advocates for sustainable transition pathways that are safe and just for all



We drive collaborative research, development and innovation

The Center carries out applied research and development activities to produce solutions, concepts and standards.

In collaboration with our industry-leading partners across the shipping value chain we create new knowledge, model viable decarbonization pathways, lower uncertainty, and de-risk decision making to mobilize climate action.



We advocate industry action and regulatory reforms

The Center is recognized as change leader, trusted advisor, and leading knowledge hub for maritime decarbonization.

The Center seeks to influence global, regional, and national decarbonization strategies, advocate for reforms, and collaborate with decision makers to act at scale.

Recommendations for enabling policy frameworks, global standards, and industry actions are based on data, research, and the latest science.

Our vision is sustainable decarbonization of the maritime industry by 2050 & our mission is to be an independent and significant driver of a sustainable maritime decarbonization

Tanja.Dalgaard



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