

Shipmanagement and ESG

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How shipmanagers can assist owners in reaching their ESG goals.

ESG (Environmental, Social, and Governance) is going to drive investment decisions in shipping and when the platitudes have melted away on shipowners' websites and real continuous improvement measuring has started, shipmanagers will have to show their colours. However, they find themselves in a tight position in terms of what they can do to help clients reach their stated ESG goals as managers are given ships to manage which they did not build, and in which they cannot be expected to invest their own money to improve environmental performance.

Rajesh Unni, CEO of Synergy Marine Group, agrees that ESG will play a pivotal role in the future shipping industry.

"We try to forge long-term thought and technical partnerships with right-thinking, modern and progressive owners so ESG goals are mutual targets, not points of conflict," Unni says, going on to predict that as shipmanagers consolidate, progressive owners and charterers and even shareholders will demand that shipping assets are managed by companies who share their views and insist on seeing hard evidence that ESG aims are intrinsic to management and operations and strategy, not simply boxes to be ticked.

Vinay Gupta, managing director of Union Marine Management Services, agrees with Unni that managers must seek out like-minded owners.

"Choose the right owners to partner with," Gupta says. "Just like Port State Control performance, a manager's capability in maintaining ESG goals will be measured going forward. As the benchmarking of environmental compliance becomes more strict and transparent, we will need to ensure that all our partners have similar thoughts and are aligned with ours in this as well."

So far shipping has been able to skirt around the edge of the disruption that ESG could be about to bring upon the main stakeholders argues Frank Coles, the former head of Wallem Group. The industry, he says, has yet to really get to grips with it, especially the societal element.

"Shippers and charterers will have to ensure that the ESG of owners also covers the treatment of crew onboard," Coles says.

Coles is an adviser to new firm ESG Ship Vetting, a service to shippers and financial institutes, investigating maritime ESG risks.

"Despite there being plenty of rules and conventions that are intended to prevent issues from occurring in the shipping industry, the shipping industry is largely self-governing, with little transparency and too many conflicts of interest for the key actors," Coles says.

Marlon Rono, president of Magsaysay Maritime Corporation, does not share this viewpoint that ESG will be a big disruptor for shipping.

"Ultimately, we do not consider ESG requirements to be any different from past developments in regulations and vessel requirements," he tells *Splash*, adding: "ESG is the next phase in fostering clean, safe and sustainable shipping practices."

Carl Schou, president and CEO of Wilhelmsen Ship Management, says his company has been proactively investing in upgrading processes, systems and people to ensure it is able to handle additional loads as well as reaching out to clients on the upcoming regulations impact.

"Being technical managers, it is our role to ensure our owners continue to comply with regulations. We need to be proactive in assessing the risk, impact and have answers to our clients on how they can comply," Schou says.

In ESG compliance, shipping often forgets that the people are the centre of everything happening, argues Sanjeev Verma, the head of Landbridge Ship Management.

"The key for managing ships in meeting ESG goals is seafarers," Verma stresses, highlighting the need to focus on skill gaps and prepare seafarers for future goals.

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