

# Corporate capture of the UN IMO

## How shipping lobbies to stay out of the Paris Agreement on climate

October 2017

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# Executive Summary

- Despite being responsible for close to 3% of global greenhouse gas emissions, the shipping sector remains outside of the UN Paris Agreement on climate. It has achieved this through corporate capture of the International Maritime Organization (IMO), the UN body responsible for regulating global shipping.
- Shipping is not currently on track to reach a 2°C climate scenario [according to the IEA](#). Further, the [IMO](#) predicts that industry emissions could grow by up to 250% by 2050. A 2015 European Parliament [report](#) estimated that shipping could be responsible for 17% of global greenhouse gas emissions by 2050 if left unregulated, potentially jeopardizing global ambitions set out under the Paris Agreement.
- The three main industry trade associations represented at the IMO are the [International Chamber of Shipping](#), [BIMCO](#) and [World Shipping Council](#). They have lobbied to [delay](#) GHG emissions reduction measures for shipping until 2023 and [rejected](#) any binding greenhouse gas emissions targets. They have also collectively [opposed](#) ambitious energy efficiency standards and appear [unsupportive](#) of a price on carbon.
- The International Chamber of Shipping (ICS), representing 80% of the world's merchant fleet, is especially notable for their influence. ICS regularly appears alongside the IMO at official UNFCCC events, it brought more delegates to the most recent IMO environmental committee meeting than 85% of states and seems to lead efforts to oppose climate action for shipping.
- This research found that at the most recent IMO environmental committee meeting 31% of nations were represented in part by direct business interests. The IMO appears the only UN agency to allow such extensive corporate representation in the policy making process.
- The shipping industry is highly fragmented with most shipping operators privately owned, with a particularly large concentration domiciled in Greece. The individual companies are largely silent on climate risk and their positions on climate regulation. They prefer to allow their IMO-focused lobbying to be done by the powerful [International Chamber of Shipping](#), [BIMCO](#) and [World Shipping Council](#) international trade associations, all of whom oppose any binding greenhouse gas regulation in the sector.

- The key exception to this at the single-company level is the largest container firm AP Moller-Maersk, which transparently discloses on its climate policy positions, appearing to support ambitious action on climate.
- Of equal concern is the complete lack of risk disclosure from some of the shipping sector's largest users such as ExxonMobil (the world's largest fossil fuel company) and Vale (the largest overall shipper by volume). Both companies are silent to investors and stakeholders regarding their response to a world in which the shipping sector may need to decarbonize its operations.
- This research shows conclusively how the shipping sector is maintaining its business model regarding carbon emissions by capturing the regulatory process. The shipping sector's lack of disclosure contrasts with increasing investor expectations of more such disclosure as exhibited by the [FSB's TCFD recommendations on climate risk](#). Future policy shifts are impossible to predict and investors in the shipping sector should query exposed companies they own as to what they are doing to manage climate risk behind the shroud of opacity currently in place.
- However, some shipping industry actors, particularly from Scandinavia, have been increasingly vocal in 2016-17 on the need for greater climate action on shipping. National trade associations such as the [Swedish Shipowners' Association](#) and [Danish Shipping](#) have proposed dramatic emission cuts for shipping, while companies such as Stena Line have supported the EU's vision to decarbonize shipping by 2050. Such actors suggest potential for a future coalition of progressive voices in shipping to promote greater corporate climate policy disclosure and action on climate at the IMO.

# Glossary and Acronyms

<b>BIMCO</b>	Baltic and International Maritime Council
<b>COP21</b>	The 2015 United Nations Climate Change Conference
<b>EU ETS</b>	European Union emissions trading system
<b>GHG</b>	Greenhouse gases
<b>ICS</b>	International Chamber of Shipping
<b>MEPC</b>	Marine Environment Protection Committee
<b>NGO</b>	Non-government organization
<b>IMO</b>	International Maritime Organization
<b>UN</b>	United Nations
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>WSC</b>	World Shipping Council

# Timeline of Shipping Regulation

Since the Kyoto Protocol first tasked the International Maritime Organization (IMO) to develop measures to tackle shipping emissions in 1997, the UN body has failed to introduce measures consistent with this ambition. Despite introducing the first sector-wide global mandatory energy efficiency measures in 2011, the Energy Efficiency Design Index (EEDI), the IMO has since been unsuccessful in agreeing a single major piece of climate legislation. It remains the only global economic sector not currently subject to the UNFCCC process, individual country emissions controls or reductions targets of any kind for greenhouse gases.

## Timeline for shipping industry climate change legislation

Body, year	Key UN, IMO and regional legislation	Climate legislation passed?	Comments on outcome and subsequent evolution
UNFCCC, IMO; 1997	Kyoto Protocol	<b>No</b>	The Kyoto agreement was the first international agreement to mandate country-by-country reductions in greenhouse gas (GHG) emissions. However, such measures <b>excluded</b> the maritime sector from national commitments and <b>ceded</b> the authority to regulate global climate policy for the shipping industry from the UNFCCC to the UN agency responsible for shipping, the International Maritime Organization (IMO).
IMO; 2011	Energy Efficiency Design Index (EEDI)	<b>Partially</b>	In 2011 the IMO <b>passed</b> the Energy Efficiency Design Index (EEDI), coming into force in 2013, representing the <b>first ever</b> mandatory global energy efficiency measures for an entire industrial sector. The EEDI requires new ships built to improve their energy efficiency by 10% by 2015, 20% by 2020 and 30% by 2025.
UNFCCC, IMO; 2015	Paris Agreement	<b>No</b>	The Paris Agreement was the first universal, legally binding global deal on climate change, committing the world to limit global warming to below 2°C, with an aim to limit warming to 1.5°C. During Paris negotiations, the IMO <b>failed</b> to pledge any GHG emissions cuts from the maritime sector. Shipping was eventually <b>excluded</b> from the final agreement after a paragraph in reference to it was <b>removed</b> during negotiations. Consequently, the treaty did not formally <b>require</b> the IMO to introduce measures to reduce maritime GHG emissions.

<p>IMO, 2016 - 2023</p>	<p>IMO GHG emissions reduction strategy</p>	<p><b>No</b></p>	<p>In 2016 the IMO <a href="#">approved</a> a roadmap that would delay an agreement on reducing the GHG emissions of shipping until 2023. The agreed timeline, <a href="#">reaffirmed</a> in 2017, would adopt an interim strategy on greenhouse gas emission reductions in 2018 but postpone the implementation of reduction measures until 2023.</p>
<p>EU, 2017 - 2023</p>	<p>EU Emissions Trading Scheme (EU ETS)</p>	<p><b>No</b></p>	<p>In February 2017 the European Parliament <a href="#">voted</a> to include shipping in the EU emissions trading system from 2023 unless the IMO adopted adequate climate legislation for global shipping by 2021. The proposal was strongly opposed by IMO’s Secretary-General Kitack Lim, <a href="#">stating</a> in 2017 that the policy “significantly risks undermining efforts on a global level”.</p>

### The effectiveness of the Energy Efficiency Design Index (EEDI)

Since their introduction, critics have consistently raised concerns around the effectiveness of EEDI energy efficiency targets, arguing that current reductions targets are too low to reduce GHG emissions for shipping beyond historical trends.

A 2015 CE Delft study commissioned by Transport and Environment found new ships built in the early 2000s were on average [less](#) efficient than those built in the late 1980’s due to changing oil prices and freight rates. Additionally, a 2017 CE Delft study discovered that many ships built in 2013-16 already met or [exceeded](#) EEDI’s 2025 targets, on average ten years ahead of time. However, the same study also revealed that because current EEDI targets were not stringent enough, new ships built in 2016 could afford to be less efficient than those built in 2015.

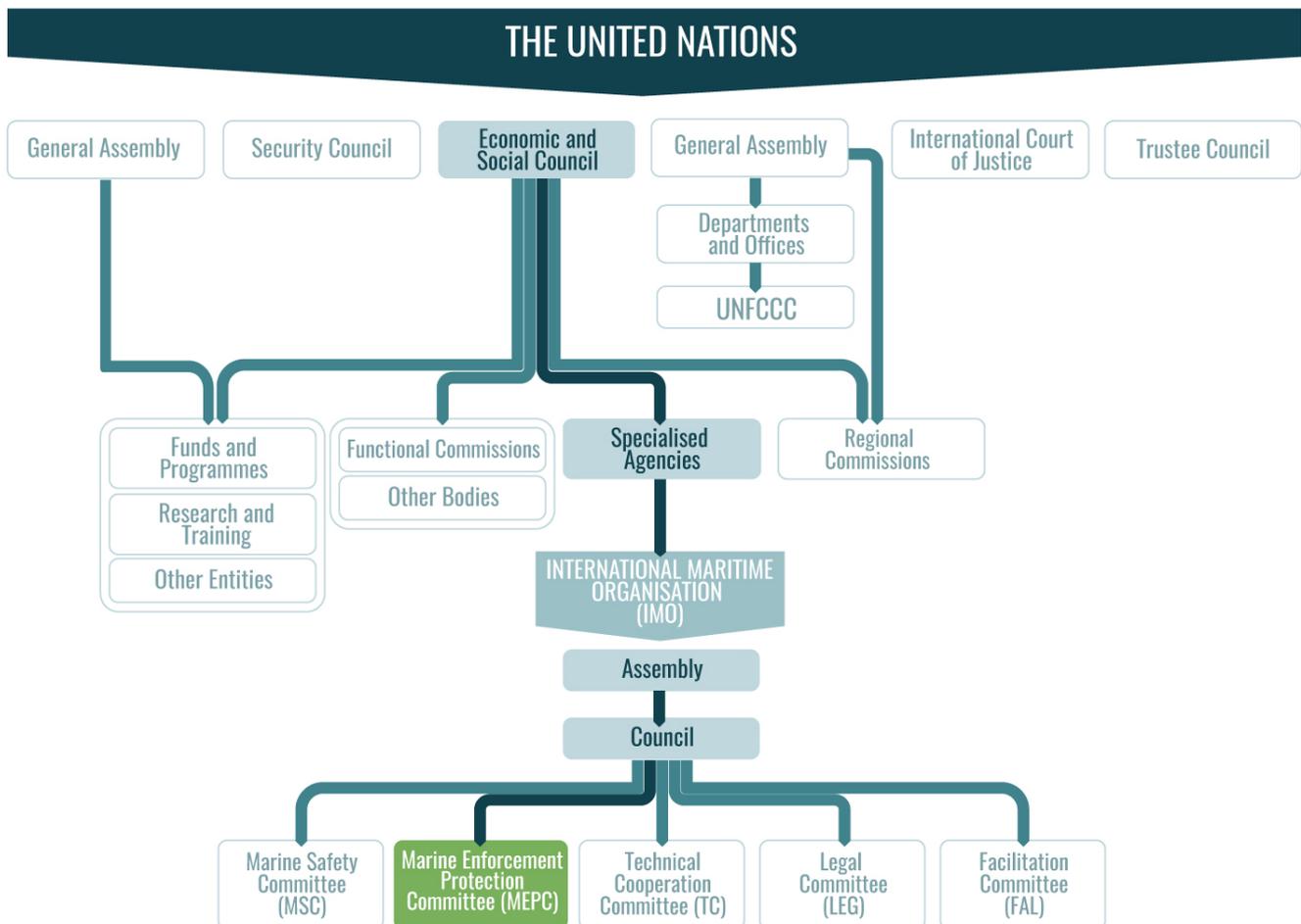
A 2016 UMAS [study](#) commissioned by Danish Shipping, completed in consultation with industry, also revealed that current EEDI targets would deliver only a 3% greenhouse gas emissions reduction by 2050 compared to a hypothetical scenario without the EEDI in place. This limited decrease in emissions would contribute little to the dramatic reductions needed for shipping to fully decarbonize.

Such evidence suggests current EEDI targets lack sufficient ambition to incentivise the necessary efficiency improvements in the sector to reduce emissions in line with a 2°C climate target.

# How Shipping Regulation Works

Due to the nature of shipping operations (i.e. in open seas, beyond national boundaries) and the system of ships being registered in states with open registries, international policy and regulation for the sector is especially important. The International Maritime Organization (IMO), a UN agency, is the main international organization regulating global shipping and maritime climate policy. The Convention on the International Maritime Organization establishes in Article 1 that the purpose of the organization includes “control of marine pollution from ships” and “the effect of shipping on the maritime environment”<sup>1</sup>, which encompasses GHG emission regulations. Rules adopted by the IMO are implemented by states, with member states having to ratify or accede to individual conventions and incorporate them into national law<sup>2</sup>.

## International Maritime Organization climate policymaking structure



<sup>1</sup> International Maritime Organization, [Convention on the International Maritime Organization, 1948](#)

<sup>2</sup> Olaf Merk, The role of the International Maritime Organization, [International Regulatory Co-operation and International Organisations](#), p 88

IMO Section	Description of its function
Assembly	The highest governing body of the organization. The Assembly includes all Member States and meets every two years. It is responsible for approving IMO's programme, deciding its budget and electing the Council.
Council	The Council, elected for two-year terms, consists of 40 Member States and is the executive body of the IMO, responsible for supervising its work. Between Assembly sessions it performs all the functions of the Assembly apart from making recommendations to Governments on maritime safety and pollution prevention, which is reserved for the Assembly <sup>3</sup> .
Marine Environment Protection Committee (MEPC)	MEPC is a permanent subsidiary organ of the Assembly that has the power to adopt and amend legislation governing marine pollution from ships, including GHG emissions and energy efficiency regulations. At present, nearly all negotiations regarding the creation and amendment of legal instruments concerning climate policy within the IMO are conducted through the MEPC, with both GHG emission reductions and energy efficiency measures an agenda item at every meeting throughout 2015-17. The MEPC regularly establishing working groups for dealing with specific issues such as GHG emissions regulations <sup>4</sup> and meets three times every two years at the IMO's headquarters in London <sup>5</sup> .

Decision making at the IMO is intergovernmental, with NGO's, trade associations and corporations granted observer status able to participate in on-going discussions, but do not have voting rights. Policymaking, which generally concentrates on the adoption of international conventions, or more commonly amendments to them<sup>6</sup>, in practice operates on a consensus basis amongst its members. Voting is avoided if possible, as it is perceived as too divisive in the long run, risking the chance of compliance<sup>7</sup>. Only states are permitted to vote, on a one state, one vote rule<sup>8</sup>, with decisions made by a majority vote. Voting is only resorted to in cases where a minority of members are seen to be limiting progress, such as with the vote approving the Energy Efficiency Design Index (EEDI)<sup>9</sup>.

<sup>3</sup> Olaf Merk, The role of the International Maritime Organization, [International Regulatory Cooperation and International Organisations](#), p 92

<sup>4</sup> Philip Linne, Erik Svensson, Shipping and the Environment, Regulating Pollution from Ships, p 25-26

<sup>5</sup> European Parliament Think Tank, [Decision-Making Processes of ICAO and IMO in Respect of Environmental Regulations](#), 2016, p 13

<sup>6</sup> Olaf Merk, The role of the International Maritime Organization, [International Regulatory Cooperation and International Organisations](#), p 93

<sup>7</sup> European Parliament Think Tank, [Decision-Making Processes of ICAO and IMO in Respect of Environmental Regulations](#), 2016, p 14

<sup>8</sup> International Maritime Organization, [Convention on the International Maritime Organization](#), 1948

<sup>9</sup> European Parliament Think Tank, [Decision-Making Processes of ICAO and IMO in Respect of Environmental Regulations](#), 2016, p 14

The IMO imposes severe media reporting restrictions<sup>10</sup> during IMO committee meetings preventing journalists from broadcasting the content of plenary discussions without permission from relevant member states, subsequently banning<sup>11</sup> any organization that breaks the rule.

### Trade Associations at the IMO

International NGOs, including shipping trade associations and environmental organizations, can be granted consultative status at the IMO. This status provides them with the right to:

- Receive IMO meeting agendas and to submit documents on items of these agendas.
- Receive texts of resolutions adopted by the Assembly and recommendations made by other IMO bodies.
- Be an observer at Assembly plenary meetings and at other meetings of IMO bodies<sup>12</sup>.
- Attend and contribute to committee and sub-committee meetings, working and drafting groups.

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<sup>10</sup> International Maritime Organization, [Terms and Conditions](#), September 2017

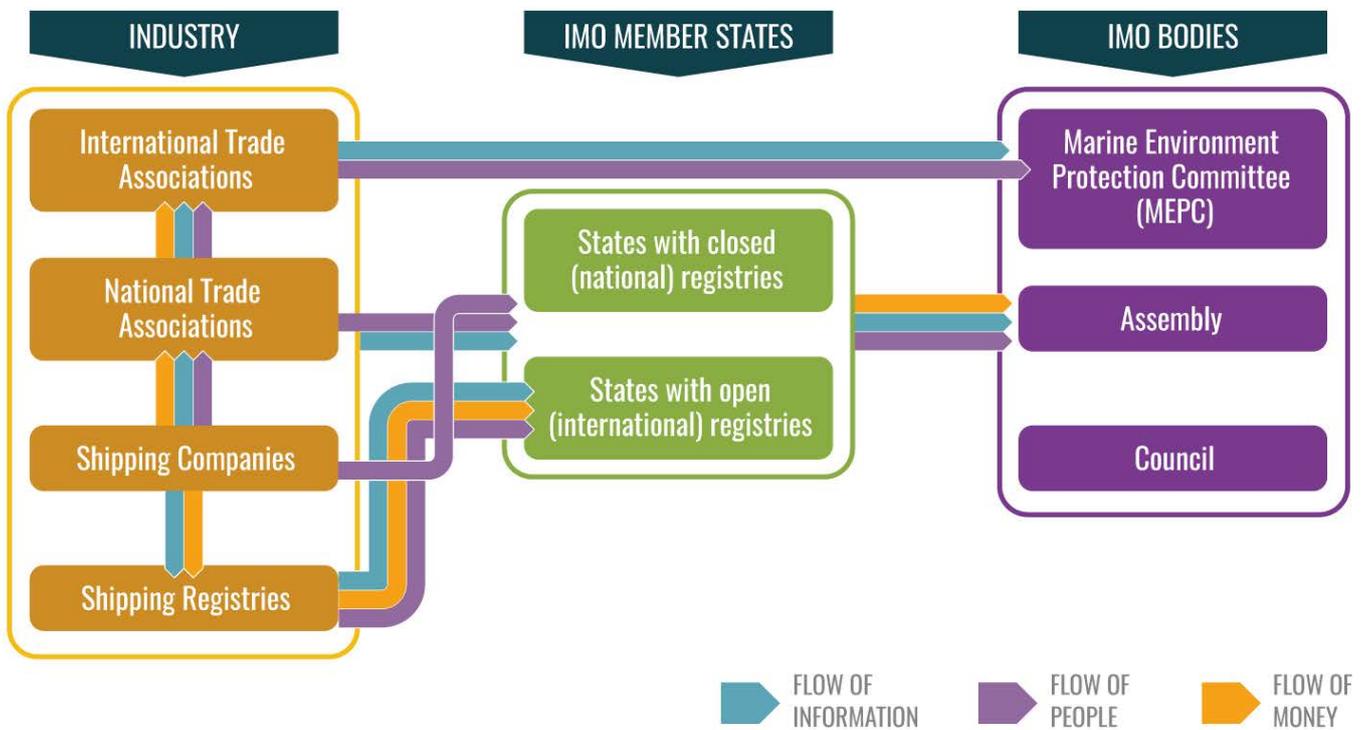
<sup>11</sup> Ed King, Climate Home, [Whiffs of Sulphur: UN shipping talks face climate dilemma](#), October 2016

<sup>12</sup> Olaf Merk, The role of the International Maritime Organization, [International Regulatory Cooperation and International Organisations](#), p98

# How the Regulatory Process is Captured

Throughout the IMO policymaking process industry figures are provided with seats at the heart of negotiations. Shipping industry figures attend committee meetings both as direct representatives of their corporation (as part of official state delegations) and through industry trade associations. Sovereign states may also be represented by national trade associations and corporate officials from shipping registries head the delegations of some states with open registries. Such access ensures the shipping industry has substantial opportunity to influence the shape of global maritime climate change policy. The following map shows how this influencing works.

## International Maritime Organization policymaking influence map



## Corporations and trade associations representing states at the IMO

Corporations and trade associations from the shipping industry are legally permitted to attend IMO committee meetings as part of formal state delegations, typically brought along as advisers or observers<sup>13</sup>. Many states rely on the technical knowledge of the industry to shape their policy

<sup>13</sup> European Parliament Think Tank, *Decision-Making Processes of ICAO and IMO in Respect of Environmental Regulations*, 2016, p 19-20

positions due to a lack of internal state expertise in maritime law. The shipping industry therefore has seats at the table at the IMO, directly representing and influencing states in climate negotiations<sup>14</sup>.

For corporations, this can be their primary avenue for influence, with many states that have substantial industry representative in their delegation appearing to support lower climate ambitions. For example, it was reported that during preliminary discussions for the July 2017 MEPC meeting, Brazil, whose delegation included three advisers from Vale (a Brazilian mining and logistics company), was criticized by a Tuvalu envoy for obstructing progress on climate legislation<sup>15</sup>.

### Analyzing IMO MEPC meeting attendance

InfluenceMap's analysis of the delegate list from the most recent IMO MEPC meeting (MEPC 71) has discovered that 31 of the 100 attending member states brought shipping industry figures as official members of their state delegations. This figure includes 20 states (20%) directly represented by national shipping trade associations, 17 states (17%) by corporations and 5 states (5%) by shipping registries, with many states represented by both associations and corporations.

This research<sup>16</sup> also highlights the extensive representation of shipping corporations at IMO committee meetings. Every corporation analyzed (apart from CMA CGM) had representatives in attendance for the majority of MEPC committee meetings from 2015-17.

Royal Caribbean and Moller-Maersk are particularly notable for sending representatives to multiple MEPC meetings as both part of official state delegations (Denmark and Bahamas respectively) and trade associations (World Shipping Council and Cruise Lines International Association). COSCO and Vale have also attended every 2015-17 MEPC meeting as advisers to official state delegations (China and Brazil respectively) with Vale sending up to 5 advisers. Such figures demonstrate the extensive representation of industry within state delegations, providing business with a channel to shape state climate policy.

## Trade association influence over policymaking

The IMO permits non-governmental organizations with [consultative](#) status to bring multiple representatives to each Marine Environment Protection Committee (MEPC) meeting, with many trade associations contributing greater numbers than most states. These industry trade associations influence policy by submitting official policy documents, contributing to discussions, lobbying delegations during breaks and participating in committees, working groups and drafting groups<sup>17</sup>.

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<sup>14</sup> Olaf Merk Shipping Today, [Could a foreign firm speak for a shipping nations?](#), November 2016

<sup>15</sup> Ed King, Business Green, [Is the shipping sector about to set sail for a climate deal?](#), June 2017

<sup>16</sup> The full dataset is available in Appendix A.

<sup>17</sup> European Parliament Think Tank, [Decision-Making Processes of ICAO and IMO in Respect of Environmental Regulations](#), 2016, p 19

This research assesses the climate policy engagement of the three most influential shipping industry trade associations at the IMO (International Chamber of Shipping (ICS), BIMCO and World Shipping Council (WSC)) over three regulatory areas (GHG emissions, energy efficiency and carbon pricing).

ICS is widely regarded as the most influential shipping association at the IMO, representing over 80% of the world merchant fleet. Its membership is composed of 28 national shipping trade associations, collectively representing thousands of members. ICS consistently appears alongside the IMO on speaking panels at events on climate, including at official UNFCCC side events at COP21 in 2015 and COP22 in 2016, as well as events such as the [Economist World Ocean Summit](#) in 2017. Such a role alongside the IMO may legitimise a view of ICS as an official mouthpiece on climate for shipping.

BIMCO is the world’s largest international shipping association, with 2,100 members from across the shipping industry. The World Shipping Council (WSC) represents 21 of the largest ocean liner shipping companies, approximately 90% of global liner ship capacity. BIMCO, alongside WSC, INTERTANKO and INTERCARGO collectively form the [Round Table of International Shipping Associations](#), a group seeking to present a unified industry front at IMO meetings, often jointly submitting policy proposals.

**How to read this table:** InfluenceMap's scoring system is used in the following table for the Overall Score with an A through F scale. An "A" grade indicates full support of the climate policy areas described in the methodology section in Appendix E while an "F" indicates strong opposing behaviour. The positioning that the company takes on each policy area is encoded according to the key below. Links to the InfluenceMap online database are embedded in the trade group names. Full details are in Appendix B.

Climate Positions of Key Shipping Trade Groups				
Trade Association	Overall Climate Score	GHG emissions regulations	Energy efficiency regulations	Carbon pricing policies
<a href="#">ICS</a>	E-	Negative positioning	Negative positioning	Mixed positioning
<a href="#">BIMCO</a>	F	Negative positioning	Negative positioning	No Position disclosed
<a href="#">WSC</a>	E-	Negative positioning	Negative positioning	Negative positioning

	<b>Negative positioning</b>		<b>Mixed positioning</b>		<b>Positive positioning</b>		<b>No Position disclosed</b>
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## Conclusions on trade association lobbying

- The three main industry trade associations at the IMO are actively and collectively obstructing global climate change policy for the shipping industry. Both ICS and WSC scored an E- in the scoring framework with BIMCO scoring an F. These scores indicate very obstructive positioning towards climate policy and regulations in line with a 2°C climate scenario across a wide range of areas. This research has also discovered that as the organizations studied often co-sponsor the same policy submissions at the IMO, such obstruction should not be viewed as isolated to a single association, but seen as a collective effort to oppose ambitious climate legalisation.
- Each trade association studied is actively opposed to a GHG emissions target or cap for shipping that would reduce emissions in line with a 2°C pathway. In 2016 ICS, BIMCO and WSC co-sponsored an IMO policy [submission](#) that opposed the introduction of GHG emissions regulations for the shipping industry until 2023. In 2017 BIMCO and ICS [rejected](#) calls in a joint IMO submission to introduce a binding GHG emissions target for shipping, supporting only a small voluntary “aspirational” reduction target, [reasserting](#) this position in September 2017. WSC have also suggested any long-term reduction target for the sector is [unnecessary](#).
- Each trade association [analyzed](#) has [communicated](#) support for current EEDI energy efficiency [standards](#). However, in 2016-17 statements at the IMO both [BIMCO](#) and [ICS](#) argued against raising the ambition of EEDI’s future standards, with ICS citing [safety](#) concerns, while 2016 [communications](#) from WSC also suggest similar opposition. A joint 2015 policy [submission](#) co-signed by the three trade associations and a 2017 [submission](#) signed by WSC and BIMCO also rejected calls to introduce operational energy efficiency standards for shipping.
- WSC is unsupportive of carbon pricing policies for shipping while ICS has a mixed but mostly negative position. Despite communicating a [preference](#) for a global fuel levy over emissions trading schemes, ICS [criticized](#) multiple carbon tax [proposals](#) in 2016 and stated it would be “[lobbying hard](#)” to reject a fuel levy before COP21. However, ICS in 2017 stated support for IMO plans to [develop](#) a market based measure. WSC’s President, John Butler, in 2016-17 [criticized](#) carbon pricing policy costs and [disputed](#) the effectiveness of emission trading schemes. BIMCO does not appear to publicly communicate a carbon pricing position.
- Trade associations have extensive representation at the IMO. At the most recent MEPC meeting in July 2017, ICS, BIMCO and WSC respectively brought 16, 5 and 5 representatives, while 54% of states brought less than 5 delegates to the committee, with 85% bringing less than 16 delegates.

The least represented major industry trade association studied therefore had greater numerical representation at IMO's climate negotiations in July 2017 than the majority of countries.

- In 2015-17 ICS, BIMCO and WSC submitted a total of 17 policy documents on climate-related issues at MEPC meetings. This collectively translate to 11.2% of all identified non-secretariat submissions to the IMO related to climate change from 2015-17, a figure higher than every other state except Japan, Germany and Denmark. Such a high percentage suggests industry associations are active and influential contributors to IMO negotiations on climate change.
- Freedom of information requests by InfluenceMap reveal that in 2016-17 BIMCO and ICS lobbied the EU to oppose regional regulations on emissions reporting. However, while opposing regional shipping regulations - on the grounds that all legislation should be global and created at the IMO - both organizations have simultaneously obstructed attempts to introduce effective climate regulation at a global level inside the IMO.

### International Chamber of Shipping and GHG emissions regulations: influence in practice

At MEPC 70 in October 2016 the International Chamber of Shipping (ICS) submitted a [policy document](#) to the IMO, with BIMCO, WSC, INTERTANKO and INTERCARGO co-sponsoring the submission. It advocated for a 2017-2023 road map for GHG emissions regulations at the IMO that opposed the implementation of any GHG emissions reductions measures until 2023.

Introducing the submission, ICS [spoke](#) in the plenary discussion for just under three minutes. In the ensuing committee discussion 13 states specifically stated or indicated support for the GHG emissions reduction proposal by ICS et al.

Subsequently, a 2017-2023 GHG emissions roadmap was [approved](#) at MEPC 70 that delayed the implementation of a GHG emissions strategy until 2023, a similar proposal to that advocated by ICS.

## Open registries and corporate influence

An open registry refers to a state operating an open shipping registry in which any ship can be registered no matter the state in which the ships owners are located. Shipping companies are free to "flag out" their vessels to open registries to reduce taxes and national regulatory control, with many countries operating open registries to generate new revenues<sup>18</sup>. According to the UN<sup>19</sup> in 2016 70.2%

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<sup>18</sup> Olaf Merk, The role of the IMO, [International Regulatory Co-operation and International Organisations](#), p 88

<sup>19</sup> United Nations Conference on Trade and Development, [Review of Maritime Transport 2016](#), November 2016

of global shipping was registered under a foreign flag, with the world's three largest shipping states in 2017 by commercial tonnage; Panama (18.4%), Liberia (11.8%) and Marshall Islands (11.6%) all operating open registries. States with open registries have leading positions at the IMO<sup>20</sup>, with its budget, unlike other UN agencies, based on a formula wherein contributions depend on the tonnage of state merchant fleets<sup>21</sup>, with countries with the largest tonnage contributing most.

Many states with open registries are represented at the IMO by private companies that operate their ship registries for them. These companies shape state positions and develop the technical details of international maritime law, as they have the greatest experience and expertise in understanding and applying international law to shipping fleets. As their company income is reliant on both intimate ties to shipping fleet operators and enforcing international law according to shipping industry needs, registries opinions carry great weight at the IMO. Additionally, the leading role of states with open registries at the IMO creates an avenue for shipping companies to influence policymaking as they "virtually have a client-service-provider relationship"<sup>22</sup> with such states.

### Open registries and state influence: International Registries Inc. (IRI) and the Marshall Islands

Marshall Islands, with the world's third largest shipping fleet in the world, is represented in part at the IMO by [International Registries Inc. \(IRI\)](#), a private shipping registry headquartered in the US. The company operates the Marshall Islands open registry whose payments to the Marshallese government make up about 10% of the state's yearly non-aid revenue.

The Marshall Islands, as part of the High Ambition Coalition<sup>23</sup>, is a vocal proponent of GHG emission reductions for shipping at the IMO, and as a small-island state faces existential risks from rising sea levels associated with climate change<sup>24</sup>. However, evidence suggests IRI has sought to lobby both on behalf of and against Marshallese government policies to promote climate legislation.

In 2015 the foreign minister of the Marshall Islands attended an IMO plenary meeting and found representatives from IRI sitting in his country's place. He later stated that "we had some difficulty convincing the people who were sitting in our seats, literally, that we were the representatives of the Marshall Islands" and that he was "appalled" by IRI's suspicious response to his arrival.

In 2016 Marshall Islands officials sought to pursue a vision at the IMO to reform their shipping register to incentivise green shipping. However, evidence suggests IRI attempted to dissuade

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<sup>20</sup> European Parliament Think Tank, [Decision-Making Processes of ICAO and IMO in Respect of Environmental Regulations](#), 2016, p 17-18

<sup>21</sup> International Maritime Organization, [Structure](#), September 2017

<sup>22</sup> M. S. Karim, [Prevention of Pollution of the Marine Environment from Vessels](#), 2015, p 20

<sup>23</sup> Ship & Bunker, [Coalition of Pacific Island and European Countries to Urge IMO Shipping Climate Deal](#), May 2017

<sup>24</sup> Moses Mose, Climate Home, [Pacific islanders: Shipping must comply with Paris climate goals](#), July 2017

Marshallese officials from delivering this message, advising the government that an IMO meeting was “technical” and unsuitable for ministerial attendance<sup>25</sup>.

The president of International Registries Inc. also boasted about their influence in the IMO in 2017<sup>26</sup> stating: “we used to send a taxi over to IMO and now we send a bus. And that’s true. I mean, we really spend a lot of money as a flag state, sending the right people to IMO. Our regulatory guys say, ‘If you’re not in the working groups, you’re not impacting what happened.’ Where you really make a difference is at the working groups. So we’re not only just sending a couple guys to sit in a chair; we actually are very active in the working groups”.

## Corporate presence at the IMO

Corporations have unmatched access and influence at the IMO compared to other UN bodies, providing the shipping industry with a clear avenue to shape policymaking. An analysis of other UN agencies indicates that while trade associations are typically granted access to committee meetings, similar to the IMO, at no other UN agency researched do corporations attend committee meetings as formal state representatives. Furthermore, other UN agencies have introduced or are considering rules to limit corporate influence at committee meetings. Most notably, the World Health Organization (WHO) in 2003 adopted the [global tobacco treaty](#) that completely excludes the tobacco industry from the WHO policymaking process due to its historical obstruction of tobacco control legislation.

This research has also analyzed corporate influence within four other UN bodies and compared them to the IMO in the following table. A detailed breakdown of these roles is available in Appendix C.

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<sup>25</sup> Margot Gibbs, Climate Home, [The tax-free shipping company that took control of a country’s UN mission](#), July 2017

<sup>26</sup> Joseph Keefe, Marine Link, [The Marshall Islands Move to Head of the Class](#), July 2017

What corporate representatives are permitted to do at the UN				
UN Body	Are corporations officially part of state delegations?	Are corporations officially represented at committee meetings?	Are trade associations officially represented at committee meetings?	Do trade associations submit policy positions?
International Maritime Organization (IMO)	Yes	Yes	Yes	Yes
UN Framework Convention on Climate Change (UNFCCC)			Yes	Yes
Food and Agriculture Organization (FAO)		Yes	Yes	Yes
United Nations Environment Programme (UNEP)			Yes	Yes
World Health Organization (WHO)		Yes	Yes	Yes
World Health Organization (Tobacco industry rules)				

# Who is Behind the Trade Associations?

InfluenceMap has analyzed the membership and boards of the three trade associations investigated. For both International Chamber of Shipping (ICS) and BIMCO, the large number of shipping companies with relationships to each organization (both collectively represent thousands of corporate members) means that decision-making on climate policy is likely to be strongly influenced by the small and medium sized companies that make up the majority of their membership base. However, as the membership and board of the World Shipping Council (WSC) is composed solely of 21 of the world's largest ocean shipping liners, these larger companies will have greater policy influence.

Analysis of the companies behind these associations has also discovered that the majority of board members from each trade association investigated represent private shipping companies. As the shipping sector is uniquely controlled by small and medium sized private companies, often family run, this analysis indicates the composition of its main trade associations corresponds to this structure.

## Who decides policy for the International Chamber of Shipping?

The membership of ICS is composed of 28 national shipping trade associations, all of which have a representative on the [board](#). Any corporate member of these national trade associations is therefore by extension a member of ICS. These trade associations represent a wide range of views on climate policy for the shipping industry.

According to Lloyds List, among its national shipping associations there is an unofficial “coalition of the willing”<sup>27</sup> keen to support more ambitious climate policy. Evidence from 2016-17 for example suggests that the Danish and Swedish trade associations are vocal on the need for climate action<sup>28</sup>, with the Swedish Shipowners' Association supporting a fuel levy<sup>29</sup> and a target of zero emissions from shipping by 2050<sup>30</sup> and Danish Shipping supporting emissions cuts of 50% by 2050<sup>31</sup>. There are also reports that indicate that the Belgian shipowners' association has pushed for higher climate ambition<sup>32</sup>.

However, other national associations in ICS appear to be vocally opposed to climate action. The Union of Greek Shipowners argue that shipping is “fossil fuel captive” and has limited margin for

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<sup>27</sup> Lloyds List, [The good, the bad and the ugly](#), November 2016

<sup>28</sup> Lloyds List, [The CO2 problem that will not go away](#), January 2016

<sup>29</sup> Roderick Craig Gothenburg, Trade Winds, [Swedish shipowners aim to lead field on quality](#), November 2016

<sup>30</sup> Craig Eason, Lloyds List, [Finding Elon](#), May 2016

<sup>31</sup> Adam Corbett, Trade Winds, [Green regulations will force a radical rethink of ship designs](#), May 2017

<sup>32</sup> Terry Macalister, Trade Winds, [Shipping must show commitment if it is to be credible green player](#), October 2016

substantial efficiency improvements, appearing to indicate opposition to carbon pricing measures<sup>33</sup>. Furthermore, the board member at ICS representing Greece, John Lyras, in September 2017 argued that the sector was being “oppressed” to set a specific GHG emissions target, later simply stating “what’s the point of this?”<sup>34</sup>. Additionally, the Russian Chamber of Shipping before COP21 voiced concerns around greenhouse gas emission regulation for shipping, suggesting an unsupportive position on climate legislation at the IMO<sup>35</sup>. Evidence therefore suggests that these national associations, amongst others, may be holding back ambitious climate policy support at ICS.

## How companies use trade associations in shipping

Companies employ trade associations to act on their behalf in lobbying activities, the role of which is crucial in pursuing policy change for the shipping industry. Such a relationship may allow a company not to be directly associated with a particular activity and to conduct its lobbying opaquely. It may further mean that a trade association is seen as having a mandate in representing an entire sector, developing a position more compelling than a single company conducting the same influencing.

The next section examines a selection of publicly listed shipping operators and users from the viewpoint of climate risk disclosure to investors. Privately held container firms (MSC and CMA CGM) along with Chinese state owned giant COSCO were also considered for reference. The relationships between these key shipping value chain entities and the three powerful global trade associations is summarised on the next page.

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<sup>33</sup> Union of Greek Shipowners, [Maritime Safety and Protection of the Marine Environment](#), visited on September 2017

<sup>34</sup> Anastassios Adamopoulos, Lloyds List, [Decarbonisation strategy consensus remains elusive](#), September 2017

<sup>35</sup> Climate Russia, [Russian shipowners expressed their position for COP21](#), October 2015

	International Chamber of Shipping (ICS)	BIMCO	World Shipping Council (WSC)
<b>Publicly listed shipping operators</b>			
Moller-Maersk			
Hapag-Lloyd			
Carnival			
Royal Caribbean			
<b>Publicly listed shipping users/operators</b>			
ExxonMobil			
Vale			
<b>Privately held or state-owned shipping operators</b>			
MSC			
CMA CGM			
COSCO			

<b>Key</b>	
<b>Shading</b>	<b>Position/Relationship</b>
	Executive position or board member in association
	Standard member of association or subsidiary company has an executive position or board member in association
	Company or subsidiary is a member of a national trade association that is a member of the association, or subsidiary of company is a member
	No relationship between association and company

# Assessment of Key Shipping Operators

Global shipping can be divided into four key sectors. Bulk (dry bulk) carriers make up 43% of the world fleet, carrying cargo (such as coal or sand) in large, unpackaged amounts. Oil tankers make up a further 28% while container ships make up 14%. The other 16% includes offshore vessels, gas carriers, chemical tankers and ferry and cruise ships. Shipping operators may be involved in only a single particular part of the market or own ships across multiple sectors (e.g. Chinese state-owned giant COSCO owns bulk carriers, oil tankers and container ships). Greece is by far the world's largest ship-owning nation, with 16% of the world's fleet, while Japan (13%), China (9%), Germany (7%) and Singapore (5%) are the next biggest owners<sup>36</sup>. The sector can be characterised as highly fragmented with a large proportion of shipping owned by privately held companies.

## The influence of Greek entities in shipping

*“Why are we being oppressed to set a target or to be very specific what the percentage is and by when? What's the point of this? I can't understand it.”* – John Lyras, International Chamber of Shipping board member for Greece, President of Paralos Maritime Corporation S.A.

Greek ship-owners have established the largest merchant fleet in the world, controlling 16% of the world's fleet. The current heads of the shipping trade associations INTERTANKO, INTERCARGO, European Communities' Shipowners' Associations and BIMCO are all Greek, with Greek companies also accounting for more than a third of BIMCO's total revenues<sup>37</sup>. Due to this size and influence Greece is widely regarded by many as the most influential nation in shipping.

In 2017 Lloyds List described Greeks as the “new ruling class” in shipping, with Louis Dreyfus Armateur's President Philippe Louis-Dreyfus describing it as an “extraordinary achievement” that in 2017 “all the important shipping bodies except IMO and ICS will be headed by Greeks”, and that “no other country in the world has such influence politically and economically on decisions in shipping”<sup>38</sup>.

The Greek representative at ICS, John Lyras, stated in September 2017 that there was no need for emissions targets for shipping and that the Paris Agreement was voluntary<sup>39</sup>. Such a position is labelled as the “Greek way”, where Greece is seen as a political laggard on shipping regulations<sup>40</sup>.

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<sup>36</sup> United Nations Conference on Trade and Development, [Review of Maritime Transport 2016](#), November 2016

<sup>37</sup> Harry Papachristou, Trade Winds, [New Biimco head targets growth after Louis-Dreyfus passes baton](#), June 2017

<sup>38</sup> Nigel Lowry, Lloyds List, [How Greeks became 'the new establishment' in shipping](#), June 2017

<sup>39</sup> Ed King, Splash 24/7. [Disappointing reflections on London International Shipping Week](#), September 2017

<sup>40</sup> Nigel Lowry, Lloyds List, [How Greeks became 'the new establishment' in shipping](#), June 2017

Given the FSB's [TCFD recommendations on climate risk](#) disclosure, issued in late 2016, and the shipping sector's potential regulatory risk should it attract more scrutiny, this assessment looks at the climate risk and policy disclosures of some of the largest listed entities in the shipping value chain. In terms of shipping operators, the large listed companies are mainly in the container and cruise segments of the market but clearly climate regulatory risk will also impact large shipping users. This research therefore considered two of the top listed shipping users in the bulk (Vale) and tanker (ExxonMobil) segments.<sup>41</sup> Other leading privately held container firms (MSC and CMA CGM) along with Chinese state owned giant COSCO were considered for reference. (These companies along with listed Maersk and Hapag-Lloyd operate 59% of the world's container shipping.<sup>42</sup>)

This research found individual companies are largely silent on climate risk and their positions on climate regulation. In the tanker and bulk carrier segments (making up 70%+ of the world's large vessel fleet), with the operators characterised as mostly fragmented and privately held, this research could find very little evidence of any transparency in terms of disclosure of positions on climate policy from individual operators. They apparently prefer to allow their IMO-focused lobbying to be done by the powerful [International Chamber of Shipping](#), [BIMCO](#) and [World Shipping Council](#) trade associations (and associated networks of national trade groups), all three of whom oppose any greenhouse gas regulation in the sector.

The key exception to this at the single-company level is the largest container firm AP Moller-Maersk, which transparently discloses on its climate policy positions, appearing to support action on climate. While Maersk has not explicitly stated a position on binding GHG emission targets for shipping, it [advocated](#) in 2016-17 for a peak year for emissions and in 2016 [urged](#) the IMO to raise its ambitions on GHG reductions. Maersk is a [Sustainable Shipping Initiative](#) member, which suggested the IMO set a GHG emissions [target](#) and advocated for ambitious [regulation](#) to improve efficiency in shipping. Maersk has communicated an unclear position on carbon pricing policies. This evidence, plus other research<sup>43</sup>, suggests Maersk has attempted to lead the way on reducing GHG emissions in shipping.

Another leading listed shipping operator, Hapag-Lloyd, has not fully disclosed its climate positioning. It has only [communicated](#) that it opposes including shipping in the EU ETS as "a regional system will not be suitable to mitigate global CO2 emissions".

Of equal concern to investors should be the complete lack of risk disclosure from some of the shipping sector's largest users such as ExxonMobil (the world's largest oil and gas company) and Vale (the largest overall shipper by volume). Both companies are silent to investors and stakeholders regarding their response to a world in which the shipping sector may need to decarbonize its operations.

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<sup>41</sup> Vale and ExxonMobil (along with other large users) also own and operate shipping fleets to fill their needs.

<sup>42</sup> Alphaliner, [Top 100 Shipping Companies](#)

<sup>43</sup> Kepler Cheuvreux, Blue Economy Screener, Thematic & Impact Investing, A deep-dive into the Ocean, March 2017

Shipping's stance on climate policy - company scorecards (Details in Appendix D)				
Company	Primary type (% of global share of type) <sup>44</sup>	GHG emissions regulations	Energy Efficiency standards	Carbon pricing policies
Publicly listed shipping operators				
Moller-Maersk	Container (17%)			
Hapag-Lloyd	Container (7%)			
Carnival	Cruise (17%)			
Royal Caribbean	Cruise (17%)			
Publicly listed shipping users/operators				
ExxonMobil	Tanker			
Vale	Bulk			
Privately held or state-owned shipping operators				
MSC	Container (15%)			
CMA CGM	Container (12%)			
COSCO	Container, Bulk, Tanker			

Colour Key



<sup>44</sup> % Share is in terms of numbers of vessels owned. Sourced from Cruiseindustrynews.com (cruise) and axsmarine.com (container).

# Appendix A: IMO Meeting Analysis

Number of corporate representatives at each IMO committee meeting				
	MEPC 71 July 2017	MEPC 70 October 2016	MEPC 69 April 2016	MEPC 68 May 2015
Moller-Maersk	3	4	1	3
MSC	2	2	2	0
CMA CGM	0	0	0	0
COSCO	1	1	1	2
Hapag-Lloyd	1	1	1	1
ExxonMobil	1	1	1	0
Vale	5	2	5	3
Carnival	3	3	2	2
Royal Caribbean	2	2	3	3

Shading	Position/Relationship
	Representatives attended as part of an official state delegation
	Representatives attended as part of a trade association delegation
	Representatives attended as part of both an official state and trade association delegation
	No representatives from the corporation attended the committee meeting

# Appendix B: Trade Association Scoring

**How to read this table:** InfluenceMap's scoring system is used in the following table for the overall score with an A through F scale. An "A" grade indicates full support of the climate policy areas described in the methodology section in Appendix E while an "F" indicates strong opposing behaviour. The positioning that the company takes on each policy area is encoded according to the key below each table.

## The International Chamber of Shipping (ICS)

International Chamber of Shipping			Overall Score: E-
Climate Policy Issue	Policy Score	Comments	IMO Committee Quotation
GHG emissions regulations	18	The International Chamber of Shipping has actively advocated for a 2017-2023 emissions reduction roadmap, submitting an IMO policy proposal in 2016 <a href="#">opposing</a> the implementation of GHG emissions regulations until 2023. Furthermore, throughout 2015-17 ICS has <a href="#">consistently rejected</a> the <a href="#">introduction</a> of binding GHG emissions targets and in 2017 <a href="#">advocated</a> for GHG emissions regulations adopted in 2023 to only include <a href="#">voluntary</a> 'aspirational objectives' for the industry in multiple policy submissions to the IMO. Additionally, ICS is vocally opposed to <a href="#">regional</a> GHG regulations for shipping.	"Our paper recommends that this meeting of the committee should agree to develop an ambitious timeline for future IMO action, taking into account the adoption of the three-step approach. [...] Once the committee has established a timeline, it should move on to what we consider to be the third priority, the determination of the fair share contribution for the reduction of CO2 emissions for the shipping sector as a whole." (MEPC 70)

<p><b>Energy efficiency regulations</b></p>	<p>32</p>	<p>Despite stating <b>support</b> for EEDI energy efficiency standards the International Chamber of Shipping has strongly advocated <b>against</b> plans to increase EEDI’s ambition. In statements at 2016-17 MEPC meetings ICS argued <b>against</b> increasing standards, citing <b>safety</b> concerns. Furthermore, ICS opposed the <b>introduction</b> of proposed operational energy efficiency standards for shipping in a 2015 IMO policy submission.</p>	<p>“We believe that no decision can be made on the safe early implementation of phase three of the EEDI until outstanding minimum power issues are resolved. In the working group, several delegations including ICS expressed concern at the safety implications of underpowered ships.” (MEPC 71)</p>
<p><b>Carbon pricing policies</b></p>	<p>40</p>	<p>While International Chamber of Shipping has suggested a <b>preference</b> for a global fuel levy over emissions trading schemes, it has rejected specific recommendations from the <b>IMF</b> and <b>International Transport Forum</b> for a carbon tax of \$30 and \$25 respectively. Furthermore, in 2015 it stated it would be <b>“lobbying hard”</b> in the run up to COP21 to reject a fuel levy. ICS has also consistently argued against regional shipping regulations to <b>oppose</b> the inclusion of shipping in the EU emissions trading system. In 2017 ICS however stated support for the IMO’s plans to <b>develop</b> a market based measure in 2018.</p>	<p>The MEPC has not formally discussed carbon pricing policies (market-based measures) as an official agenda item since 2012. Therefore, no recent quotations are available from any trade association discussing the issue.</p>



# BIMCO

BIMCO			Overall Score: F
Climate Policy Issue	Policy Score	Comments	IMO Committee Quotation
GHG emissions regulations	10	BIMCO has stated support in 2017 for setting a voluntary GHG emissions target for the shipping sector at the IMO, <b>opposing</b> a binding cap on emissions in September 2017. In IMO policy submissions in 2017 (jointly with ICS and WSC respectively) BIMCO, alongside ICS, <b>opposed</b> the <b>introduction</b> of binding GHG reduction targets and with WSC suggested that a long-term GHG emissions reduction target for the sector is <b>unnecessary</b> . In a 2016 submission BIMCO also <b>opposed</b> the introduction of any GHG emissions regulations in the IMO until 2023, due to “insufficient data” collection.	“We can confirm that industry is debating the issue intensely as was introduced by ICS [...] What is though a fact in the industry and that has been confirmed in submissions to this session and previously, is that the three-step approach is one that we align ourselves with” (MEPC 69)
Energy efficiency regulations	30	BIMCO has communicated <b>support</b> for current EEDI energy efficiency standards for shipping. However, BIMCO has <b>opposed</b> raising the ambitions of the EEDI in <b>multiple</b> statements at 2016-17 MEPC meetings. BIMCO has consistently <b>opposed</b> attempts to <b>introduce</b> operational energy efficiency standards for the shipping industry in 2015-17 policy submissions to the IMO.	“BIMCO fully supports the intervention by our sister organization ICS. It is of course important to start the review of both phase 3 and a possible phase 4 in order to look into a further strengthening of the EDI framework if possible. [...] We caution however to rush to any conclusions before we are ready to make any decisions. (MEPC 71)
Carbon pricing policies	No position	BIMCO has not communicated a clear position on carbon pricing policies for the shipping sector.	The MEPC has not formally discussed carbon pricing policies (commonly referred to as market-based measures) as an official agenda item since 2012. Therefore, no recent quotations are available from any trade association discussing the issue.

## World Shipping Council (WSC)

World Shipping Council			Overall Score: E-
Climate Policy Issue	Policy Score	Comments	IMO Committee Quotation
GHG emissions regulations	29	The World Shipping Council has submitted policy proposals to the IMO in 2016-17 respectively <b>opposing</b> the implementation of pre-2023 targets and suggesting that any long-term GHG emissions reduction target for the sector is <b>unnecessary</b> . Evidence also suggests WSC advocated for a <b>delay</b> in the process of developing an emissions target in early 2016.	“Consistent with the three-step process agreed upon in this committee that begins with the collection of data and fuel consumption and the subsequent analysis of this data [...] we obviously wish to reduce carbon emissions by the fleet but as noted by CSC, questions remain what do we hope to achieve in more specific terms and what mechanisms do we believe hold the most promise to achieve our objectives over the next 50 years or so.” (MEPC 69)
Energy efficiency regulations	25	While the World Shipping Council has stated <b>support</b> for EEDI energy efficiency standards, evidence from a WSC statement at a 2016 MEPC meeting suggests it does <b>not support</b> increasing the ambition of the legislation. The World Shipping Council has further submitted policy documents in 2015 and 2017 opposing the introduction of operational energy efficiency standards for shipping and <b>criticized</b> such proposals in a statement at an MEPC meeting in 2015.	We are the view that the EEDI is indeed an effective and appropriate mechanism for improving the efficiency of the fleet. [...] we’ve had a suggestion that the EEDI threshold be increased by a factor of 100% for those ships that have made the most impressive improvements while little or no critical attention is being directed to ships that have posted little or less impressive changes. Listening to this logic one might conclude that we are in a classroom where the most outstanding students are scolded and asked to jump even higher while those failing to make comparable progress are told that lower expectations are just fine, we don’t really expect much from them.” (MEPC 69)

<p><b>Carbon pricing policies</b></p>	<p>25</p>	<p>The World Shipping Council’s President John Butler has argued that the shipping industry will <b>decarbonize</b> without the need for carbon pricing policies, criticizing their potential costs in 2016. In 2017 he also <b>questioned</b> the effectiveness of emission trading schemes. Comments from an WSC environmental staff member in 2016 also indicate an <b>unsupportive</b> position to carbon pricing policies, stating that due to losses in the industry, it ‘already has a strong incentive to reduce fuel use’ without the need for carbon pricing.</p>	<p>The MEPC has not formally discussed carbon pricing policies (market-based measures) as an official agenda item since 2012. Therefore, no recent quotations are available from any trade association discussing the issue.</p>
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# Appendix C: Corporate Representation at the UN

UN Agency	How are corporate bodies involved and represented on committees
International Maritime Organization (IMO)	Corporations and trade associations are legally permitted to attend IMO committee meetings as formal state delegation representatives. International non-governmental organizations, including trade associations, granted “consultative” status have the power to submit policy agenda recommendations and attend and contribute to committee meetings, working and drafting groups.
United Nations Framework Convention on Climate Change (UNFCCC)	NGO’s, including trade associations with fossil fuel interests, granted “observer” status can attend non-closed COP committee meetings, COP-mandated workshops and meetings and submit documents to the UNFCCC. A review of this policy was however discussed for the first time in a UNFCCC meeting in May 2017, with the agency pledging to reconsider how best to manage non-Party stakeholder engagement in 2018 after negotiations stalled. Unlike at the IMO, corporations do not directly participate on UNFCCC committees either as observers or as official members of formal state delegations.
United Nations Environment Programme (UNEP)	Trade associations with “observer” status are permitted to attend the Plenary, the Committee of the Whole and Ministerial Consultation discussions as observers, circulate written statements to governments and make oral statements during UN Environment discussions. Like the UNFCCC, corporations cannot directly participate on committees either as observers or as official members of formal state delegations, although trade associations are allowed.
World Health Organization (WHO)	‘Private sector entities’ and ‘international business associations’ (including trade associations and businesses) are permitted on a case-by-case basis to attend committee meetings, including the meetings of the governing bodies, submit consultation responses and attend WHO hearings. Corporations however do not attend committee meetings as formal members of state delegations, as evidenced by the 2017 WHO Assembly delegate list.  These rules do not however apply to the tobacco industry. The WHO’s 2003 global tobacco treaty, specifically article 5.3 and its guidelines, bans partnerships, financial relationships and industry participation between the tobacco industry and the World Health Organization in the policymaking process. The tobacco industry is therefore not

	<p>represented on any related committees either as trade associations or corporations and cannot submit any policy documents to the WHO.</p>
<p>Food and Agriculture Organization (FAO)</p>	<p>At certain FAO committee meetings, such as the <a href="#">Committee</a> on World Food Security, both corporations and trade associations with “participant” <a href="#">status</a> can attend meetings, contribute to discussions, prepare and submit documents and agendas and present documents and formal proposals, as evidenced by its 2016 <a href="#">delegate</a> list. However, corporations do not attend committee meetings as formal parts of state delegations.</p>

# Appendix D: Company Scorecards

Only two individual shipping operators provided any information on climate policy positions, as noted in the tables below.

## AP Moller-Maersk

Climate Policy Issue	Policy Score	Comments
GHG emissions regulations	Yellow	Maersk has communicated <a href="#">support</a> for the 2017-2023 GHG emissions roadmap approved at the IMO in 2016 and has <a href="#">urged</a> the IMO since to raise its ambitions to reduce emissions further. Furthermore it <a href="#">signed</a> a letter in the run up to the October 2016 MEPC 70 meeting advocating for the IMO to act on GHG emissions reductions, without referencing binding GHG emissions targets. Maersk has <a href="#">advocated</a> in 2016-17 for a 'long-term CO2 reduction trajectory for shipping' that includes a peak year for emissions without explicitly stating a position on a binding GHG target for the sector. Additionally, it is a member of the Sustainable Shipping Initiative that has <a href="#">suggested</a> the IMO should set GHG emissions targets for the sector.
Energy efficiency regulations	Green	Maersk is a member of the Sustainable Shipping Initiative which evidence suggests has <a href="#">advocated</a> for greater regulation to improve the efficiency of shipping by 20% per decade.
Carbon pricing policies	Yellow	Maersk has not communicated a clear position on carbon pricing policies for the shipping industry. In 2015 Maersk's lead advisor on climate change <a href="#">stated</a> preference for a fuel levy over an emissions trading scheme without taking a clear position on either. Similarly, Maersk <a href="#">mentions</a> carbon pricing schemes on its website without clear reference to its positioning.

## Hapag-Lloyd

Climate Policy Issue	Policy Score	Comments
GHG emissions regulations	No Position	-
Energy efficiency regulations	No Position	-
Carbon pricing policies		Hapag Lloyd in March 2017 posted a <a href="#">blog</a> describing the possible inclusion of shipping in the EU ETS as a “huge problem to our industry”. It argued that “regional or unilateral action will harm the goals of the wider international community to mitigate global greenhouse gas emissions from ships”. This position was further <a href="#">reported</a> on in Ship and Bunker later that month.



## Appendix E: Scoring Methodology

Using a [proven system](#) for scoring corporate influence and positions on key public policy areas, companies and trade associations involved in the shipping industry are assessed on three climate policy areas. The areas assessed reflect shipping policy experts' analysis of the primary climate regulations currently or potentially facing the shipping industry. Evidence is collected and collated from 2015-17, covering the primary period in which GHG emissions policy has been discussed at the IMO. This scoring has been benchmarked against the [IPCC Fifth Assessment Report](#) alongside projections from the [IEA](#) on the role of international shipping meeting a sub-2°C global warming target. Each of these policies have been assigned weightings based on their level of importance in meeting climate benchmarks.

Climate disclosure query	Comment	Weighting
Q1: GHG Emission Regulation	Is the organization supporting binding GHG emission standards or targets for the shipping sector?	10
Q2: Energy Efficiency Standards	Is the organization supporting binding energy efficiency standards or targets for the shipping sector?	8
Q3: Carbon Pricing Policies	Is the organization supporting carbon pricing policies for the shipping sector? This includes a carbon tax, fuel levy and emissions trading scheme.	7

To capture the range of company activities that constitute influence on government policy, a range of data sources have been assessed, a full explanation of which can be found below.

Data Source	Comment
D1: Main Website & Social Media	We search the main organizational website of the company and its direct links to major affiliates and attached documents (e.g. the CSR report), as well as media and sites funded or controlled by the organization, such as social media (Twitter, Facebook) and direct advertising campaigns of the organization.

D2: Consultation Documents and related evidence	Legislative Consultation documents from official sources, for example policy proposals to the IMO Marine Environment Protection Committee or the European Commission's consultation on the <a href="#">revision of the EU ETS</a> .
D3: Media Reports	Here we search in a consistent manner (the organization name and relevant query search terms) a set of websites of representing reputable news or data aggregations. Supported by targeted searches of proprietary databases.
D4: CEO Messaging	Here we search in a consistent manner (CEO/Chairman, organization name and relevant query search terms) a set of websites representing reputable news or data aggregations. Supported by targeted searches of proprietary databases.

Each cell represents a scoring opportunity with a 5-point scale of -2 through to +2. Weightings for each cell in the overall scoring process are computed by an algorithm based on the query and data source weightings noted above. If no evidence is found or the cell does not apply to the organization concerned (e.g. financial disclosures do not apply to governments), this is marked as NS (not scored) or NA (not applicable) and the weighting for that cell is redistributed evenly through the rest of the query row. The scoring is done by a London-based team using comprehensive guidelines for each cell with set criteria on how to award the scores -2, -1, 0, 1, or 2. The following are some extracts from this system.

Energy policy area	Scoring scale low through to high				
	-2	-1	0	1	2
Greenhouse gas regulations	Actively obstructing	Some obstructing	No clear positions	Some supporting	Strongly supporting
Shipping energy efficiency standards	Actively obstructing	Some obstructing	No clear positions	Some supporting	Strongly supporting
Carbon pricing policies	Actively obstructing	Some obstructing	No clear positions	Some supporting	Strongly supporting

Table of scoring examples		Examples of scores for queries
<b>Quantitative Scoring (-2 to 2 points)</b>	Points taken away (-2, -1)	Q1: Opposing binding GHG emission targets from the International Maritime Organization (-2) Q2: Directly advocating to policymakers to oppose raising the ambitions of the EEDI (-2) Q3: Not supporting the inclusion of shipping in the EU ETS (-1)
	Points neither taken or given (0)	Q1: Statement takes no clear position on binding GHG emission targets from the International Maritime Organization (0) Q2: Statement takes no clear position on energy efficiency standards (0) Q3: Unclear position on a global fuel levy for shipping (0)
	Points given (2, 1)	Q1: Supporting binding GHG emission targets from the International Maritime Organization (2) Q2: Has stated support for EEDI energy efficiency standards (1) Q3: Supporting a global fuel levy for shipping (2)

Based on the scoring matrix, the weightings and the actual scores -2 to +2 awarded to each organization in its matrix cells, a numerical % score may be computed which is a reflection of its score on the queries. These are then aggregated into overall and policy specific scores. The entire process is automated via a proprietary online software system that catalogues evidence, allows input of scores and computes the required metrics.