



# ESG Watch List

The growing pressure and urgency across all sectors of society to respond and find solutions to environmental, social and governance (ESG) issues has led to some rethinking within the marine insurance industry. Individual companies are reconsidering their targets and responsibilities beyond their core businesses to incorporate sustainability. These insurance companies work on a better understanding and overarching principles to identify and define ESG standards that align with their values and commitments as a company. This approach will also guide what information they will seek from clients and other third parties. Considerations may comprise aspects of underwriting, claims handling, loss prevention, investment strategies, recruitment and education.

IUMI's overall role and involvement on ESG matters has been tasked to the ESG Working Group which was set up in 2021. The WG identifies ESG topics which are specifically relevant to the global marine insurance industry and includes them on this ESG Watch List.

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## Bribery & corruption

In February 2020, IUMI co-sponsored a paper to the IMO with a proposal to develop guidance to address bribery and corruption in the maritime sector. A key objective in this work should be to align actions in the maritime sector with the UN Convention against Corruption (UNCAC). The IMO's Facilitation Committee established in October 2020 a Correspondence Group on "Guidance to Address Maritime Corruption" under the coordination of the Marshall Islands. The group's primary aim is to develop draft guidance to implement anti-bribery and anti-corruption practices. Members of the Group suggested that the high-level interests should be:

1. integrity and the willingness to work towards eradication of corruption in accordance with the United Nations Convention against Corruption;
2. the desire to create simple, maritime ship/port interface focused guidance and a GISIS (Global Integrated Shipping Information System) module which is legally based and which avoids retaliation; and
3. the necessity of relevant parties to act on and address reports of alleged corruption.

In May 2022, the Facilitation Committee approved the [Guidance to implement and adopt procedures against maritime corruption](#) which has been circulated to member States and observer organisations.

A leading association established specifically to tackle bribery and corruption is the [Maritime Anti-Corruption Network](#). MACN works towards the elimination of all forms of maritime corruption by raising awareness of the challenges faced, implementing the MACN Anti-Corruption Principles, and co-developing and sharing best practices. The organisation collaborates with governments, NGOs and civil society to identify and mitigate the root causes of corruption. In February 2022, the MACN released the results and lessons learned from ten years of collecting data of corrupt demands in maritime trade. This data has been collected in over a decade through MACN's Anonymous Incident Reporting platform, a system designed to allow the maritime industry to report when it has been faced with corrupt demands in ports globally.

## Climate change

Climate change is widely considered one of the most pressing issues of our time. It has also been identified by IUMI as a major concern to marine insurers. The effects of global warming are already evident and are changing the nature of the insured assets. The frequency of weather-related catastrophes has increased significantly which drives up losses and leaving some assets uninsurable. The potential impact of climate change is therefore a fundamental issue for regulators. In 2023, global shipping emitted 911 million CO<sub>2</sub> tons equivalent emissions based on 100-year global warming potentials or 925 million tonnes based on 20-year global warming potentials.<sup>1</sup> Most emissions (86%) came

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<sup>1</sup> The global warming potential (GWP) is a metric used to indicate how much particular greenhouse gas traps in the atmosphere over a 20- or 100-year period, equivalent to carbon dioxide (CO<sub>2</sub>). E.g. Nitrous Oxide (N<sub>2</sub>O) has a

from international shipping, 10% from domestic shipping, and 4% from fishing. Shipping's share of global emissions stayed at 1.7% from 2016 to 2023, and its share of CO<sub>2</sub> emissions went up slightly from 2.2% in 2016 to 2.3% in 2017–2023. If black carbon is included, total emissions increase to 989 million tonnes (8% from black carbon), or 1,205 million tonnes using the 20-year measure (23% from black carbon). Shipping emissions grew by 12% from 2016 to 2023, or about 1.4% per year. The Paris Agreement on Climate Change and the work of the International Maritime Organization (IMO) are examples of regulatory efforts to address climate change.

Climate change is a major threat to people and the planet. It especially affects shipping and the insurance industry through:

- More and stronger hurricanes and typhoons
- Bigger storm surges and dangerous waves
- Rising sea levels that put coastal buildings at risk
- Shipping routes that are harder to predict because of warmer oceans
- Unpredictable weather

These problems disrupt global trade, supply chain and port operations. They also damage important coastal habitats like mangroves and coral reefs, which protect communities from storms and erosion. Warmer seas and more acidic water harm marine life, making these natural defenses weaker. For coastal communities that depend on fishing, tourism, and farming, climate change means fewer jobs and lower property values. It is also harder to get insurance for coastal properties, which adds to financial problems. Vulnerable groups, such as low-income and indigenous people, are hit the hardest and often have fewer resources to cope. As coastlines shrink and weather becomes more extreme, some communities are forced to leave their homes, creating climate refugees and social challenges.

Insurers must review their risk models to cover the higher risks and more frequent claims.

To reduce emissions from maritime transport, IUMI is involved in the IMO's regulatory efforts, not least to ensure new fuels and technologies are safe. IUMI is also a Supporting Partner of the [Poseidon Principles for Marine Insurance](#), a voluntary scheme which aims to reduce carbon emissions of insured fleets through measuring and reporting.

## Diversity & inclusion

IUMI represents more than 40 national member associations from around the globe and works closely with affiliate organisations from a wide array of maritime stakeholders with international backgrounds. It is therefore IUMI's goal to represent this variety of members in IUMI's policy positions. Moreover, IUMI aims to include a diverse range of members as related to their geography, gender and age in the Technical Committees and Forums. The Committee and Forum Chairs are requested to consider these aspects when

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GWP 273 (100 years), which means that 1 ton of N<sub>2</sub>O emits equivalent of 273 tons of CO<sub>2</sub> in a 100-year time-scale.

they recommend candidates during the annual elections. This intention is underpinned by [IUMI's diversity statement](#).

### Illegal, unregulated, unreported (IUU) fishing

Seafood is a nutritious meal for millions of people across the world and an essential food protein in many developing countries. A major problem for sustainable fisheries management is illegal, unregulated and unreported fishing (IUU fishing). Vessels engaged in IUU fishing activities do not use legal fishing gear, do not follow fisheries management regulations and/or do not comply with regulations on quotas, fishing areas, closed seasons or prohibited species. The IUU catch is not recorded in catch registers. This is an important aspect because fishing stocks are estimated based on these registers. IUU fishing destroys marine habitats, adds pressure to fish populations that are already at risk of over-exploitation and undermines efforts to responsibly manage and protect the ocean. It exploits the natural resources of coastal nations, reduces economic opportunities and threatens food security, particularly in developing countries, and has therefore environmental and social implications.

It is difficult to precisely quantify the scale of the IUU fishing. Since 2009, no study has been conducted due to a lack of uniformity in statistical data. Currently, it is estimated that one in five fish is caught illegally or unreported<sup>2</sup>. Other studies have shown that 40% of all fish are caught unintentionally (Oceana - fishforward). Some experts state that 10-26 million tons of fish are caught as IUU which equals to 11-19% of the global reported catch. Seafoodwatch.org estimates a cost of 10 to 23 billion USD annual harming the global economy.<sup>3</sup>

Marine insurers can support the suppression of IUU fishing activities by refusing or cancelling insurance to vessels which have been blacklisted for involvement in illicit actions. The ocean conservation group Oceana in cooperation with UNEP FI's PSI have engaged with marine insurers and associations including IUMI to develop [guidelines to mitigate the risk of insuring vessels and companies associated with IUU fishing](#).

Oceana has further developed an information-sharing tool intended to facilitate and foster the exchange of information on IUU fishing vessels between companies that provide services to the global fishing sector, including marine insurers. Through the tool, companies can exchange information with other businesses on when a vessel on the official IUU vessel list of any RFMO has sought and been denied services or had services cancelled, and in addition they will be notified when new vessels get added to the IUU vessel lists. To register to the tool please visit [Pull the Plug on Pirate Fishing](#). A separate initiative is [Vessel Viewer](#) developed by the Ocean Risk Alliance (ORRAA). This IUU fishing risk assessment tool is intended to help insurers quickly evaluate the risk that a vessel or a group of vessels may engage in or support IUU fishing. Through the tool, insurers are able to access key information on vessel identity, behaviour and risk indicators.

<sup>2</sup> Agnew DJ, Pearce J, Pramod G, Peatman T, Watson R, Beddington JR, et al. (2009) Estimating the Worldwide Extent of Illegal Fishing. PLoS ONE 4(2): e4570. <https://doi.org/10.1371/journal.pone.0004570>

<sup>3</sup> <https://www.seafoodwatch.org/seafood-basics/the-state-of-seafood>

IUMI supports the adoption of the [Cape Town Agreement](#) (CTA) of 2012 on the Implementation of the Provisions of the 1993 Protocol relating to the Torremolinos International Convention for the Safety of Fishing Vessels. This IMO treaty to address fishing vessel safety is not in force yet. The absence of an international mandatory regime makes effective control and monitoring of fishing vessels difficult. The CTA sets minimum requirements on the design, construction, equipment, and inspection of fishing vessels of 24 meters in length and over. The agreement further facilitates better control of fishing vessel safety by flag, port and coastal States. Swift ratification of the CTA is therefore desirable and supported by IUMI.

### Livestock transports

Livestock carriers are a special type of ship intended to transport cattle, sheep and other animals. Most of the vessels engaged in this trade are converted from a general cargo vessel, i.e. not specifically designed for the purpose of carrying live animals. Converted livestock carriers are often fitted with multiple decks to accommodate the cattle. This set-up enhances the windage area and impacts the stability of the vessels. As these ships are often converted only after sailing in the trade they have been designed for originally, the fleet of livestock carriers has a high average age which is often associated with fatigue in the strength of the structure as well as old main engines and propulsion systems. The track record of livestock carriers involved in major incidents is therefore relatively poor. Consider the following examples:

Vessel Name	Age of Vessel	Type	Casualty
MV Uniceb	26 years	Converted	1996 – Vessel caught fire and sank 245NM east of Seychelle, 67488 sheep
MV Danny F II	34 years	Converted	2009 – Vessel capsized and sank in Mediterranean Sea – 40 crew and 28 000 sheep and cattle
Estancia	38 years	Converted	2013 – Fire on board in Gulf of Aden
Haidar	21 years	Converted	2015 – Vessel capsized in Porto Vila do Conde, Brazil – 5000 cattle
Asia Raya	30 years	Converted	2015 – Fire on board – Kupang, Indonesia – 634 cows
Queen Hind	39 years	Converted	2019 – Vessel capsized and sank in Port of Midia, Romania- 14 000 sheep. Initial evidence suggests overloading/structural inability.
Gulf Livestock 1	18 years	Purpose built livestock carrier	2020 – Vessel sank during Typhoon Maysak with 5867 cattle and 41 crew

Al Badr 1	49 years	Converted	2022 – Vessel sank in in Port of Suakin, Sudan – 15 100 sheep. Reportedly over-loaded.
MV Al Kuwait	8 years	Purpose built live-stock carrier	2024 – 19 000 cattle, routed via Cape Town, South Africa – Triggered investigation due to extreme stench and concerns over animal welfare. Death toll not clearly documented.
Spiridon II	52 years	Converted	2025 – Stranded at sea, denied docking in Turkey due to documentation/ear tag irregularities for 2900 cattle (many pregnant). At least 58 cows died.

These incidents reinforce the argument that converted vessels suffer more incidents than purpose-built vessels, that older ships pose greater risks, and that these casualties impact crew and animals alike. It is further interesting to note that the only incident involving a purpose-built carrier resulted from a typhoon.

The welfare of live animals during maritime and road transport poses additional safety as well as ethical concerns. Often, appropriate care cannot be afforded to the large number of animals being transported, leaving them exposed to food and water deprivation, rough seas, heat and cold stress. Overflow of faecal material regularly leads to faecal soiling of feed and water troughs as well as coat contamination. Due to the severe stress and suffering of the animals during long voyages, the New Zealand government in April 2021 banned live cattle exports by sea, with a two-year period to phase out the trade. Other countries such as the UK are considering banning live animal exports and introducing further elements of animal welfare in transport, such as reducing maximum journey times, giving animals more space and headroom during transport, and stricter rules on transporting animals in extreme temperatures or by sea.

The [PSI's ESG Guide for Non-Life Insurance](#) includes risk mitigation examples and good practice related to animal welfare for the live transport of animals. Marine insurers covering these risks are encouraged to review the treatment of animals during transport and to promote best practice among their insureds.

### Modern slavery & forced labour

According to a joint 2022 report by the International Labour Organization (ILO), the NGO “Walk Free” and the International Organization for Migration (IOM), forced labour affects an estimated 28 million people worldwide. Modern slavery is not a formally defined legal term under international law but is commonly used as an umbrella concept encompassing severe forms of coercion such as forced labour, human trafficking, and slavery-like practices. It describes abuses where individuals are exploited through force, fraud, or coercion. Modern slavery can include both individual and structural cases of abuse, with

victims subjected to sub-standard conditions of living and denied their freedom. It highlights a continuum of exploitation, from extreme cases like slavery and bonded labour to more subtle but still coercive employment practices.

Modern slavery concerns a range of industries that have links with marine insurance, from fishing and shipping to textiles, agriculture, and manufacturing. Sectors such as distant-water fishing, garment production and the maritime industry/seafaring are particularly high-risk. Marine insurers face growing scrutiny from regulators, investors, partners and clients regarding the ethical practices of the clients they underwrite. As maritime industries may face increased exposure to modern slavery and forced labour risks, insurers must recognize the reputational and legal consequences of insuring unethical operators. While not directly involved, the industry can be indirectly linked to these practices and may in-advertently enable them.

At the same time, it is important to acknowledge that insurers are often one step removed from operational realities and may face practical limitations in identifying or mitigating certain abuses. To protect their reputation and support responsible business, marine insurers should take a proactive stance such as integrating due diligence, ethical underwriting, and clear ESG policies to avoid complicity in human rights abuses across global supply chains.

[IUMI's information paper](#) on modern slavery and forced labour outlines the reputational and legal risks facing insurers that underwrite operations linked to exploitative labour practices. The paper also provides an overview of existing standards and regulations in various regions around the world. With ESG expectations mounting, marine insurers are encouraged to engage in industry-wide discussions and strengthen their frameworks to prevent complicity in modern slavery.

### Plastic litter

Over 300 million tons of plastic are produced every year for use in a wide variety of applications. At least 8 million tons of plastic end up in the oceans annually. Researchers estimate a plastic leakage into the ocean in 2040 of 29 million tons. Under the influence of UV radiation, wind, currents and other natural factors, plastic fragments into small particles, termed microplastics (particles smaller than 5 mm) or nanoplastics (particles smaller than 100 nm). Marine species ingest or are entangled by plastic debris which causes severe injuries and death. Plastic pollution threatens food safety and quality, human health, and coastal tourism.

The main sources of marine plastic are land-based. However, ocean-based plastic originates primarily from the fishing industry, nautical activities and aquaculture. In 2018, the IMO's Marine Environment Protection Committee (MEPC) adopted the IMO Action Plan to address marine plastic litter from ships. It aims to enhance existing regulations and introduce new supporting measures to reduce marine plastic litter from vessels. One aspect of the Action Plan is a compulsory mechanism to declare the loss of containers at sea.



The contents of lost containers contribute to marine litter. The carriage of so-called “nurdles” (pre-production plastic pellets) is a particular concern. Nurdles are in wide-spread use and large quantities of containers of this commodity are being shipped.

In October 2011, the ‘Rena’ ran aground on the coast of New Zealand resulting in the loss of containers of plastic resin pellets.

In Hong Kong after Typhoon Vicente in July 2012, containers with over 150 tonnes of plastic resin pellets were lost at sea which later washed up on the southern Hong Kong coast.

In 2017, a spill of approximately 2 billion plastic resin pellets (49 tonnes) from a shipping container in Durban, South Africa, required extended clean-up efforts, with pellets also washing up on the shore in Western Australia.

Similarly, the ‘Trans Carrier’ spill in the German bight resulted in a loss of 13 tonnes of nurdles and pollution of Danish, Norwegian and Swedish coastlines.

In May 2021, the MV X-Press Pearl spilt 11,000 tonnes of plastic pellets off the shore of Colombo, Sri Lanka.

If nurdles are lost overboard, the consequences to the environment are significant as they float and can be widely distributed. Marine wildlife often mistake nurdles for food, causing injury and entering the food chain.

Considerations are ongoing in the IMO's Sub-Committee on Pollution Prevention and Response (PPR) to address the risk of plastic pellets ending up in the oceans. Moreover, at the 5th United Nations Environment Assembly (UNEA-5) in Kenya in March 2022, a total of 175 nations endorsed the resolution to end plastic pollution, which has grown into an epidemic amounting to some 400 million tonnes annually - a figure that is projected to double by 2040. The resolution established an Intergovernmental Negotiating Committee (INC) that began its work in 2022 with the ambition of completing a draft global legally binding agreement by the end of 2024. The INC is expected to present a legally binding instrument that would address the full lifecycle of plastics, the design of reusable and recyclable products and materials, and the need for enhanced international collaboration to facilitate access to technology, capacity building and scientific and technical cooperation.

## Seafarers' wellbeing

### Crew change crisis

Seafarers are at the heart of the maritime sector. They are enablers of global shipping and without them international trade of the essential goods and products around the world would collapse. The COVID-19 pandemic created an unprecedented crew change crisis. Hundreds of thousands of seafarers stranded working aboard ships beyond the expiry of their contracts. Meanwhile, thousands of seamen and women were unable to reach ships for crew change, leading to financial uncertainty for themselves and their families.



This is an unacceptable way to treat seafarers who are key to maintaining the global flow of essential (and less essential) goods. Fatigue after extended periods at sea has significant consequences on the physical and mental wellbeing of seafarers. It also increases the risk of maritime accidents and environmental disasters and poses a wider threat to the integrity of global supply chains which depend on safe and reliable maritime transport.

Recognising a shared responsibility to resolve the crew change crisis, IUMI signed the [Neptune Declaration on Seafarer Wellbeing and Crew Change](#) in January 2021. A key request is to designate seafarers as key workers. By November 2022, 66 countries had done so.

### **Code of Conduct on Seafarers' Rights**

The shipping industry is required to comply with the International Labour Organization (ILO) Maritime Labour Convention (MLC) and other international conventions covering the human rights (which include labour rights) of workers. Alongside increased public awareness of the role of seafarers, there is a growing demand from consumers, investors, business partners, civil society and governments via increasing regulatory requirements for more transparent and sustainable supply chains that address human rights as well as environmental concerns throughout the supply chain, including logistics segments. Ensuring that seafarers' rights and welfare are respected is critical in the shipping industry's sustainability journey. The Sustainable Shipping Initiative published a [Code of Conduct on Seafarers' Rights](#) in October 2021. It seeks to reinforce compliance with the MLC and other relevant maritime conventions and goes beyond by focusing on valuing seafarers and the full spectrum of their human rights.

### **Fatigue**

Ships' crews are under increasing pressure from competitive voyage schedules and must handle their tasks with fewer crew members. Evidence from accident records and research literature both point to the serious impact that sleepiness and fatigue may have on the safety and welfare of seafarers. Fatigue has short and long-term effects on seafarers and measures must be taken to reduce the risk of fatigue. IUMI addressed this topic in a [webinar](#) to raise awareness for this issue which can have serious implications for the safety of the crew, the vessel, its cargo and the environment. IUMI further supported the review of the IMO's Guidelines of fatigue mitigation and management. The review was concluded by the Sub-Committee on Human Element, Training and Watchkeeping in 2018 and a circular approved by the Maritime Safety Committee in December 2018 to inform Member States of the updated guidelines.

### **Sexual assault and harassment (SASH) at sea**

In the wake of widespread allegations of sexual harassment in the maritime industry, calls to ensure the safety and security of seafarers, including women seafarers, have been widespread. In February 2022, the IMO's Sub-Committee on Human Element, Training and Watchkeeping (HTW) discussed to the revision of a model course on "Personal Safety and Social Responsibilities" with a view to including specific content to establish appropriate maritime workplace behavioural norms. Psychological safety, mental

health, wellbeing, including SASH, constitute relevant areas of ILO's remit. The IMO there will coordinate its efforts with the ILO and has invited IMO member States to submit proposals to the Maritime Safety Committee for consideration and action. In this context the U.S. Department of Transportation and the Maritime Administration (MARAD) released new safety standards to govern the U.S. Merchant Marine Academy's Sea Year following a sexual abuse case while at sea. The ["Every Mariner Builds A Respectful Culture" \(EMBARC\) Standards](#) were launched by MARAD in December 2021.

### Ship recycling

Vessels are considered hazardous waste under international environmental law such as the Basel Convention and the EU Ship Recycling Regulation. According to the NGO Shipbreaking Platform, 409 ocean-going commercial ships and floating offshore units were sold to the scrap yards in 2024. Of these, 255 of the largest tankers, bulkers, floating platforms, cargo and passenger ships ended up on the beaches of Bangladesh, India and Pakistan, amounting to 80% of the gross tonnage dismantled globally. The process of dismantling often does not occur in safe and environmentally sound working conditions. The practice of "beaching" vessels to break them up poses significant risks to the health and safety of the workers. It also causes environmental damage due to the toxic materials released during the process.

The IMO's Hong Kong Convention is aimed at ensuring that vessels when being recycled do not pose any unnecessary risk to human health and safety or to the environment. The Hong Kong Convention was adopted in May 2009 and entered into force in June 2025. Regulations in the Convention cover the design, construction, operation and preparation of vessels to facilitate safe and environmentally sound recycling and the establishment of an appropriate enforcement mechanism for vessel recycling, incorporating certification and reporting requirements. Vessels to be sent for recycling will be required to carry an inventory of hazardous materials which will be specific to each vessel. IUMI welcomes the entry into force of the Hong Kong Convention to ensure a minimum standard of safety and environmental standards during the dismantling of vessels.

The EU put in place its own regulatory measure. From 31 December 2018, the EU Ship Recycling Regulation mandates the recycling of all large sea-going vessels sailing under an EU flag to take place in yards included in the European List of ship recycling facilities. The regulation aims to make ship recycling safer and environmentally sound. The 14th edition of the European List of ship recycling facilities was published in May 2025 and contains 43 facilities: 31 yards located in Europe (EU, Norway and UK), 11 in Türkiye, and 1 in the United States.

The EU Ship Recycling Regulation has implications for marine insurance. Insurers involved in actions which may be considered illegal exports of ships to yards not included on the European List of ship recycling facilities may be held liable. Being associated with unsustainable practices such as "beaching" of vessels may further lead to reputational risks.

Global ship recycling volumes have reduced in recent months, influenced by weaker steel prices, cautious shipowner behaviour and the introduction of stricter regulatory

standards. While this contrasts with earlier expectations of rapid growth in the ship recycling sector, the tightening of environmental and safety regulations represents a positive step toward a more sustainable and responsible industry.

These higher compliance requirements, though increasing operating costs for recycling yards, have the potential to lead to improvements in safety, environmental performance, and long-term credibility. Lower steel plate prices in major recycling countries such as India, Bangladesh, and Pakistan have temporarily reduced scrapping incentives, and resilient freight markets have encouraged owners to keep older vessels trading. However, as regulatory clarity emerges, these measures are expected to create a healthier, more transparent recycling market that improves environmental stewardship. Analysts anticipate a gradual recovery, supported by stronger sustainability standards and improved market confidence.

Scrapping decisions are rarely driven by age alone; instead, they result from a combination of key factors. Typically, owners weigh the cost of upcoming surveys or drydocks, the vessel's ability to compete with newer ships, and growing compliance pressures—such as stricter carbon intensity targets, rising regional carbon costs, and more demanding recycling documentation.

By 2026, these pressures are intensifying. Some older ships remain in service even as regulatory demands and new vessel deliveries climb. Maintaining compliance for aging vessels is becoming more expensive, making scrapping an increasingly attractive option.

The “scrap trigger stack” typically combines simultaneous challenges: a costly special survey, the risk of falling below CII thresholds, higher EU carbon costs, and stricter recycling rules. When these pressures align, scrapping is often the prudent choice, shifting the focus from operational life to avoiding compliance-driven losses.

IUMI is raising awareness for this issue by holding presentations and [webinars](#) on the topic. IUMI further supports the work of the [Ship Recycling Transparency Initiative](#) (SRTI) which aims at ensuring better labour and environmental standards by requiring shipowners to disclose their ship recycling policies and practices.