



Making sense environmental regulation and our energy transition journey

Middle East Bunkering Convention

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Presentation Outline

- Operating landscape
- Evolving regulatory picture
- Delivering real reductions
- Emission reduction pathways
- Closing thoughts



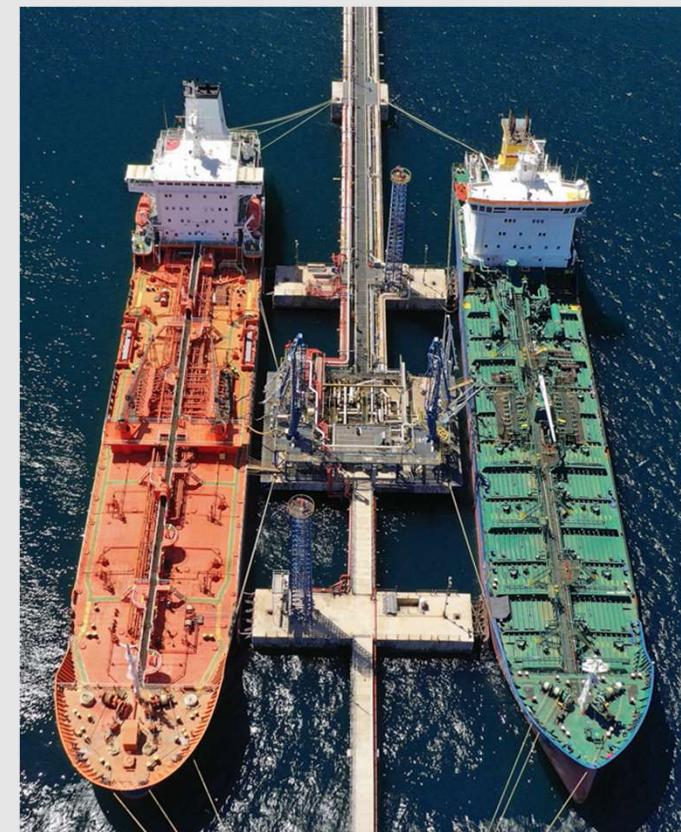
Operating landscape

Shipping's vital role

- Enabler of global trade
- Distributor of goods, food and commodities
- Diversification of supply of essential goods

Expectations of our industry

- Operational reliability, no incidents
- Provide cost competitive services
- Deliver emission reduction year on year
- Build a credible pathway for decarbonisation of ocean transportation



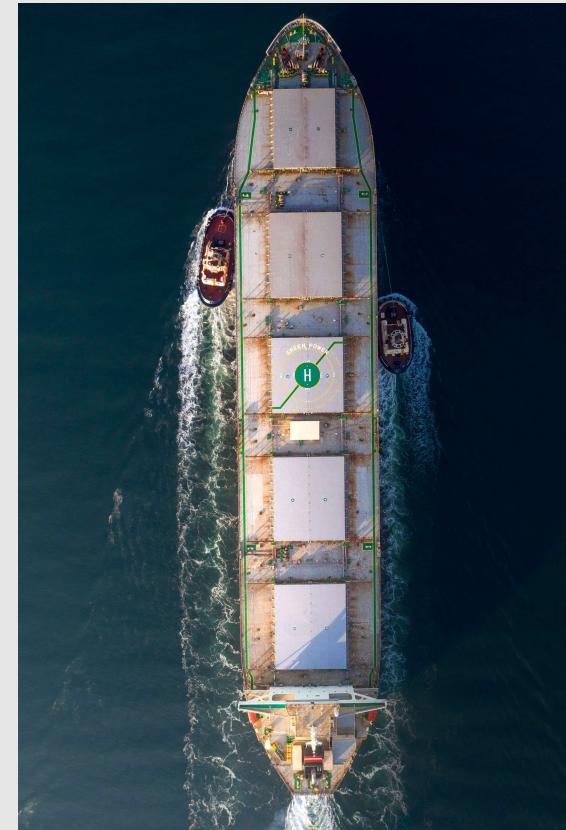
Evolving regulatory picture

Regulation directed at emission reduction

- Growth in regional requirements e.g. UK and EU ETS
- Complex and ambiguous
- Introduces unintended consequences
- Enforcement and penalties unclear
- Brings added cost, who will have to pay?

Market has important role to play

- Incorporate the cost of emissions into freight, and delivered product
- Aids our ability to differentiate to reward better performance
- Supports price discovery and cost allocation of options



Delivering real reductions

What does good look like?

- Emissions - what is green?
- Considers operational reliability, safety
- Accepted by charterers, operators and customers.
- Suitable for specific trade or route

Finding the right measure/ metrics

- Understood by commercial decision makers
- Consistent indicator of performance over time
- Avoids “putting the Fitbit on the dog”



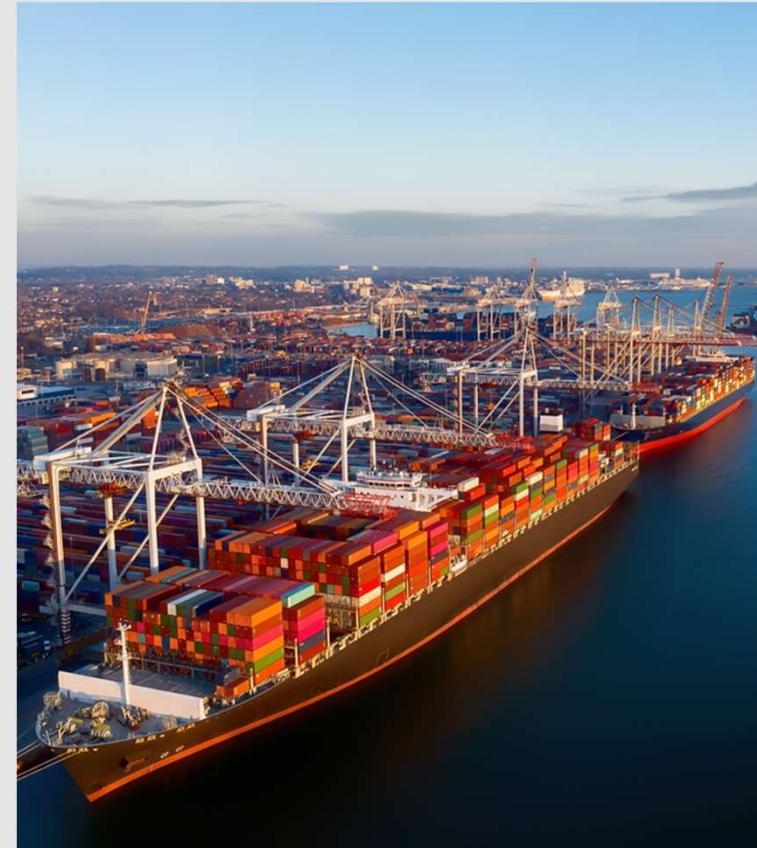
Emission reduction pathways

Minimise emissions from the existing fleet

- Operational measures and training needed
- Technical measures and equipment, ESD, rotors etc.
- Remove split incentives and contractual bottlenecks
- Improve usefulness of indicators, data and metrics
- Emission reduction now - greater positive impact

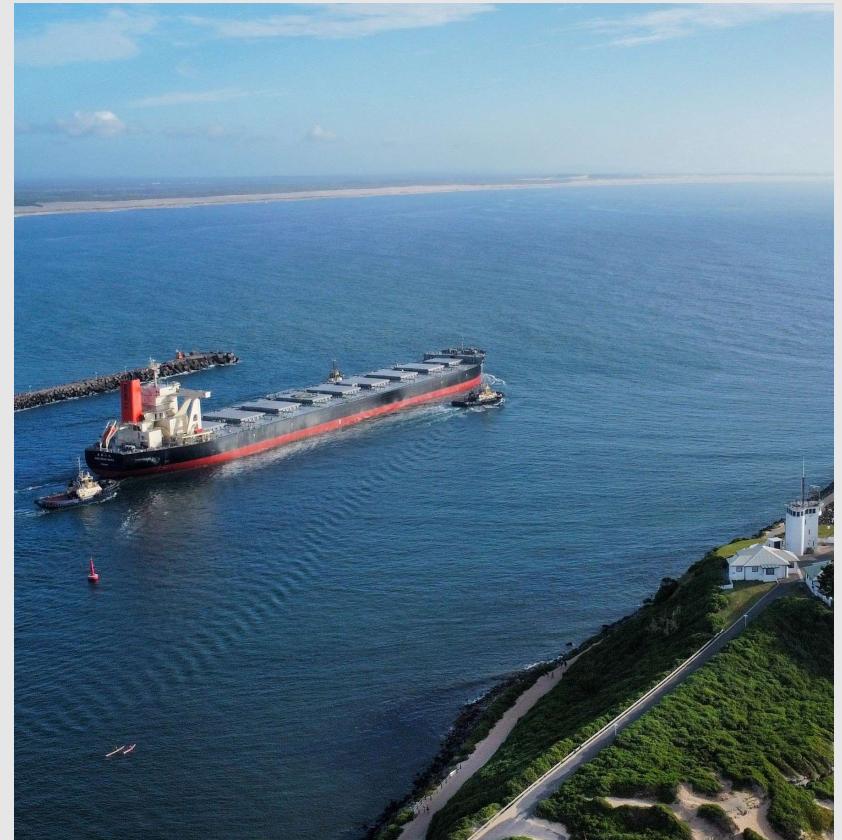
Alternative fuels infrastructure

- Aggregate demand, including other energy users
- Develop safety standards and provide training
- Build modern dual fuel ships
- Support for more expensive fuels in the transition period



Closing thoughts

- Societal expectation for emission reduction continues to grow, pressure is increasing on stakeholders to seek solutions which are commercially viable
- Regulatory landscape remains unclear, the market response of growing impact supported by increased information flows and new software and data platforms
- Need to remember the full lifecycle implication of alternatives presented and avoid the temptation to selectively apply the “purity test”
- More awareness needed on the significant opportunity to reduce emissions now while we build and scale the alternative pathways



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