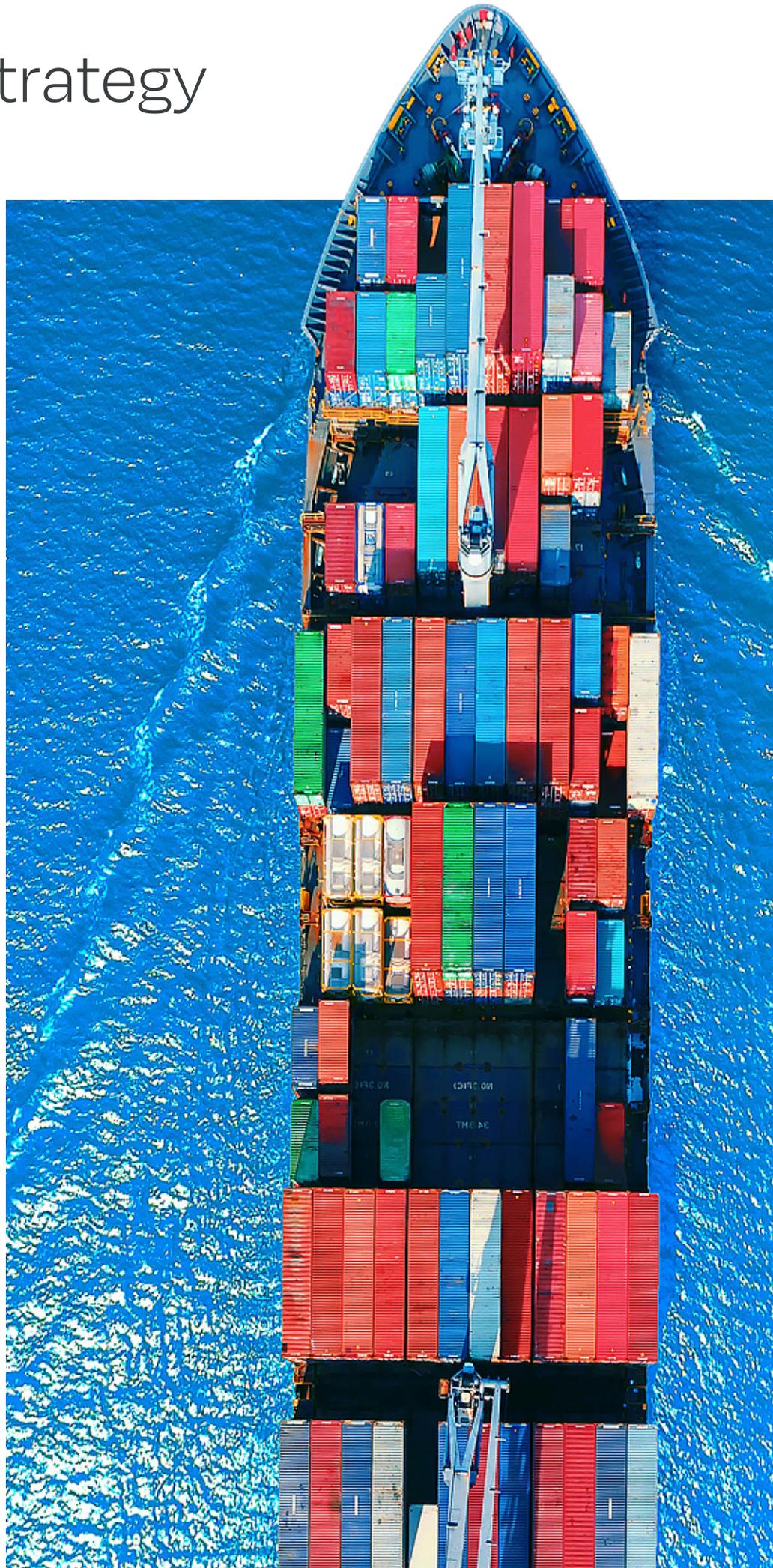




IMO GHG Strategy

In July 2023, IMO revised the GHG reduction strategy for global shipping. The shipping industry accounts for approximately 2.7% of the world's annual emissions and, therefore, the adoption of this strategy is significant for global efforts to align with the Paris Agreement.



Rest assured.



The new strategy includes four levels of ambitions:

1 Carbon intensity of the ship to decline through further improvement of the energy efficiency for new ships.



Skuld's comment: The first level of ambition focuses on the continuous implementation of EEXI and EEDI requirements. Shipowners should explore the possibilities they have for complying with the existing and forthcoming regulations. There are different requirements for different vessels.

3 Uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources to increase.



Skuld's comment: Uptake of zero or near zero emission technologies is now specified with the ambition of at least 5% of the energy mix for vessels, striving for 10% within 2030. This will likely enhance the development of alternative energy sources compared to conventional fuels. This new goal implies an increase of 3,500 – 7,000 vessels with zero/low carbon emission profiles. Newbuildings are expected to align with the development of new alternative fuel technologies.

2 Carbon intensity of international shipping to decline.



Skuld's comment: The IMO CII regulation will be instrumental in reduction of vessels carbon intensity. This is the most important regulation in force and already affects shipowners' decision making. IMO will review the CII regulation in 2026.

4 GHG emissions from international shipping to reach net zero.

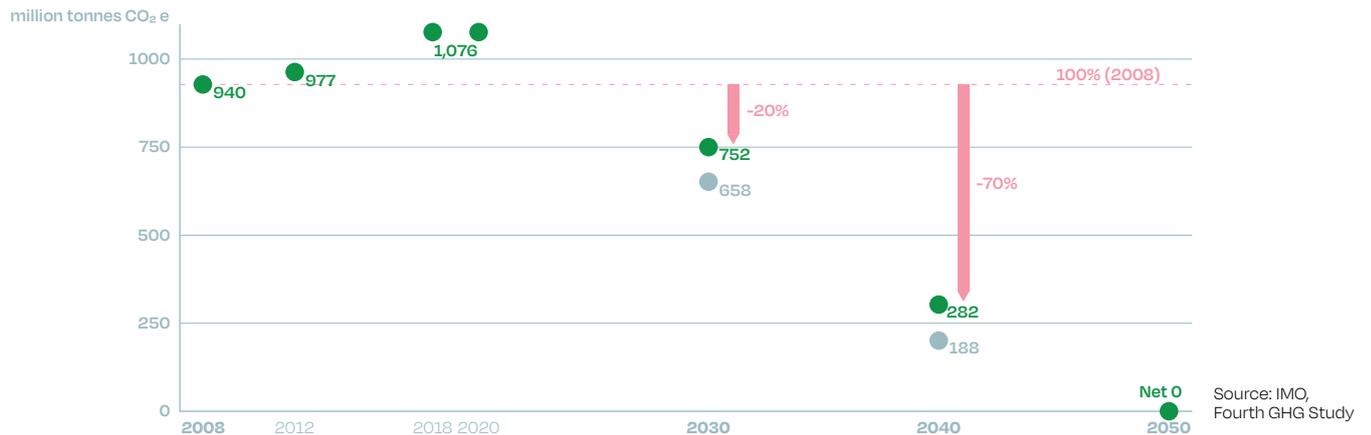


Skuld's comment: Shipping's GHG emissions should peak and decline as soon as possible, and IMO has set a target of net zero within 2050. IMO states that they pursue efforts towards the long-term goals of Article 2 in the Paris Agreement. IMO has also introduced **two indicative checkpoints:**

2030: To reduce the total annual GHG emissions from international shipping by at least 20%, striving for 30%, compared to 2008.

2040: To reduce the total annual GHG emissions from international shipping by at least 70%, striving for 80%, compared to 2008.

Outline of ambitions and minimum indicative checkpoints in the IMO GHG strategy



Skuld's message to shipping companies

Skuld acknowledges the new ambitions from IMO. This will become one of the greatest challenges for shipowners and Skuld aims to be your **preferred insurance partner** in the transition. Aligning towards the Paris Agreement will demand much of the industry.

Skuld's expertise and closeness to the market offer benefit of industry insight to members and clients on the IMO GHG strategy. Whether you are a shipowner, charterer or other stakeholder, Skuld is here to **partner and facilitate** your decarbonisation **needs**.

Skuld is gaining first-hand insight through our commitment within key industry initiatives, such as: **MMMZCZ, GSP, MBF**. Collaboration will be essential for us as an industry to reach our ambitions.

It is expected from IMO to improve both technical and economic elements to achieve the indicative checkpoints. New **GHG** ambitions include all GHG's (CO₂, CH₄, N₂O) and are now calculated on a **Well to Wake** basis.



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- IMO** International Maritime Organisation
- GHG** Greenhouse Gases
- TTW** Tank to Wake
- WTW** Well to Wake
- MMMZCZS** Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping
- GSP** Green Shipping Program
- MBF** Maritime Battery Forum

Sources: IMO | Fourth GHG Study