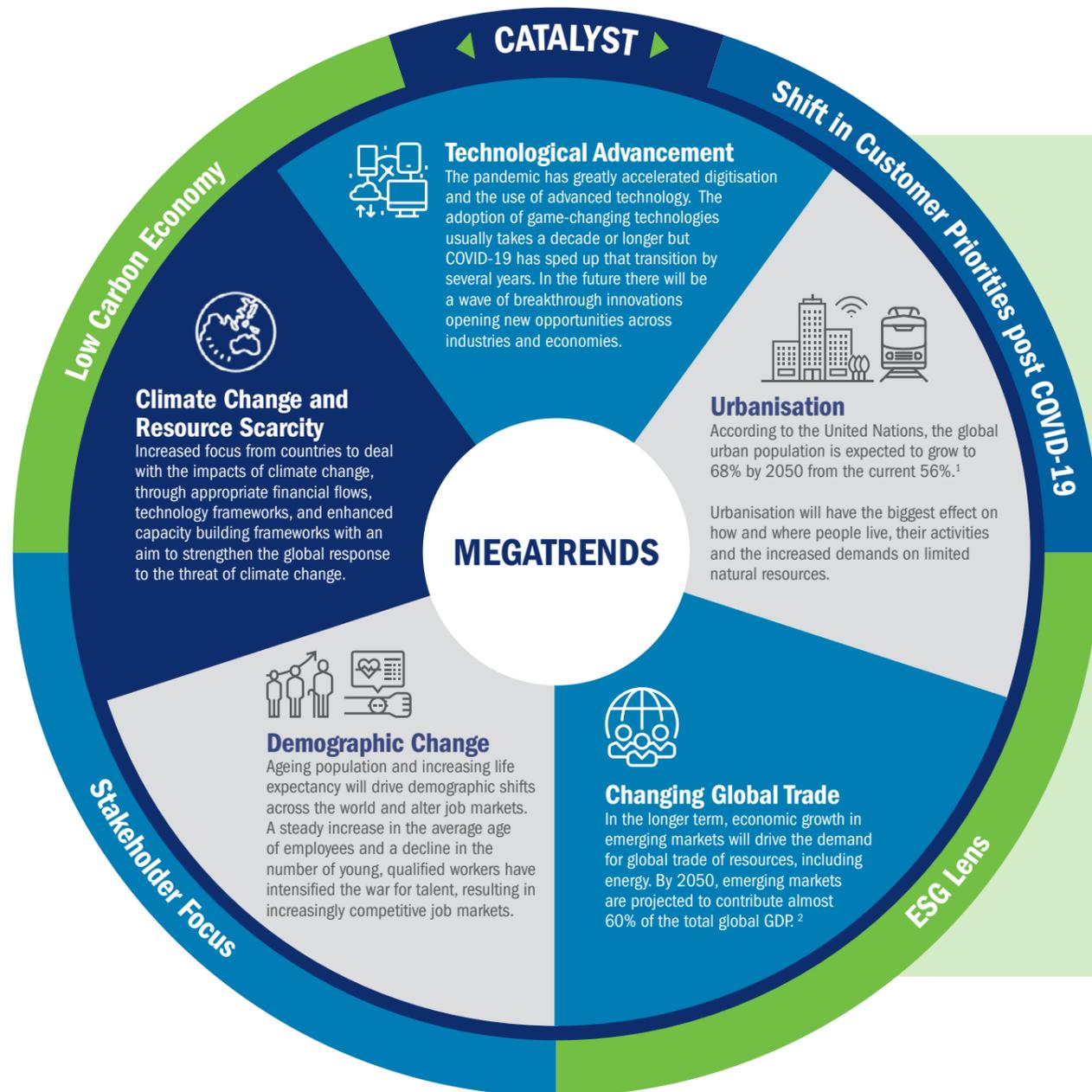


MACRO TRENDS AND DRIVERS



IMPLICATION TO THE SHIPPING INDUSTRY

Emission Reduction

- Shipping produces one billion tonnes of Greenhouse Gas (GHG) emissions per year, or 2.9% of annual GHG emissions. Without any action, ship emissions in 2050 are expected to reach 10% of annual global emissions. IMO's ambition is to reduce the shipping industry's carbon intensity by 40% by 2030 and 70% by 2050³
- The key to accelerating decarbonisation in the shipping industry is by exploring different pathways and multiple options. There is no one solution that fits all or a silver bullet that can address the issue of emission reduction for the broader industry. The use of zero-emission fuels such as ammonia and hydrogen and the launch of zero-emission vessels by 2030 needs to be accelerated for the shipping industry to align with the decarbonisation goals set in the Paris Agreement

Smart Technologies

- Rapid advances in technology and innovation are reshaping the shipping sector, with the development of new lower emission propulsion technologies and the ongoing digital transformation
- It is forecasted that 10% of the ships built in this decade will be smart ships – with sophisticated sensor hubs and data generators. Satellite communications are also seeing massive connectivity improvement, allowing ships to transfer higher volumes of data at lower cost⁴
- Digitisation and automation will create opportunities to make shipping and ports more resilient and efficient

Financing

- Shipping is a capital-intensive industry, and access to financing will be increasingly linked to environmental sustainability. In 2020, 9% of the total sustainability linked loans were from Transportation & Logistics⁴
- Loans for ship financing will be increasingly linked to the carbon efficiency of the fleet, to meet IMO's GHG emissions reduction target

Talent

- The rapid technological advances will see fewer people directly working at sea, and the type of skills sought for the maritime sector workforce will be significantly different than today⁶
- Companies have a responsibility to retrain their current workforce while also bringing in new expertise
- The industry also needs to be more inclusive and attract from a wider talent pool – currently only 2% of seafarers around the world are women

Consolidation and Alliances

- As the global fleet ages, tighter access to replacement capital and environmental regulations will boost the case for consolidation
- In addition to Mergers & Acquisitions, consolidation could also take the form of more owners putting their ships into commercial alliances such as pool operations, to strengthen their bargaining position with charterers

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