

MPCC Decarbonization Strategy

Philipp Niesing

Extended Summary:

MPCC envisions sustainable container shipping connecting the worlds' ports to serve peoples' needs. This presentation will provide insights into MPCC's ongoing decarbonization efforts.

MPCC is the leading provider of feeder container vessels (<6k TEU) operating 70 vessels in intra-regional trades worldwide. The company is listed on the Oslo stock exchange and has since 2019 published ESG reports tracking its progress in reducing its CO2 footprint.

In 2021, MPCC set a CO2 reduction target aligned with the IMO trajectory and decreasing CII thresholds. In 2022, the Company committed to a "below two degrees scenario" trajectory based on a simulation of future fleet improvements like vessel exchanges, retrofits, and newbuildings with alternative fuels. Currently, MPCC is evaluating measures to align with SBTi's (Science based targets initiative) shipping trajectory guidelines.¹

The primary challenge for owners, such as MPCC, is that charterers determine the vessels speed and resulting fuel consumption.

MPCC strives for providing efficient vessels and adopting new technology as soon as possible (e.g., methanol as marine fuel).

To enhance the efficiency of its vessels, MPCC collaborated with charterers on retrofits to reduce the consumption, including LED lightning over variable frequency drives for pumps, main engine optimizations, new lube oil filters, and waste heat recovery for auxiliary engines. Discussions on fitting new bulbous bows, propellers, and pre swirl stators are also ongoing.

Additionally, MPCC optimizes its vessel portfolio by replacing older, less efficient vessels with newer ones.

Investing in alternative propulsion technologies, such as dual-fuel methanol engines, is another important activity. Newbuildings ordered by MPCC are at least "methanol ready", and the Company has ordered two dual-fuel methanol vessels, scheduled for delivery in 2024.

As an owner, it is crucial for MPCC to provide future-proof vessels to its customers. Meanwhile, smaller shipowners will be under significant organizational pressure to comply with the rapidly changing regulatory environment, increased focus on ESG issues amid investors and other stakeholders, and the rapid emergence of new technologies.

MPCC proactively engage with organizations and businesses that contribute to shaping the future of shipping:

- One employee is seconded to the MMMCZCS to support global maritime decarbonization efforts and to closely follow the discussions and developments in this think tank.
- The company has also invested in a company producing real sustainable marine diesel and entered into an offtake agreement for the first volumes available for the maritime sector.

¹ Science based targets provide a clearly defined pathway to reduce greenhouse gas (GHG) emissions. Targets are considered 'science based' if they are in line with what the latest climate science deemed necessary to meet the Paris Agreement.

- MPCC is also collaborating with North Sea Container Lines (NCL) and their largest customer to establish a green corridor, employing our two dual-fuel methanol vessels on a trade from Rotterdam up the western coast of Norway.
- An interdisciplinary team with representatives from different companies from the broader MPC Group with various professional background is working together on efforts intended to drive the green transition.

In addition to working actively on decarbonization efforts, MPCC is closely monitoring and complying with new regulations, including:

- The upcoming EU Emissions Trading Scheme (ETS) coming into effect in January 2024. MPCC is currently engaged in establishing processes and contracts between us and the charterers and DOC holders. Furthermore, trading lines and processes for handing over the certificates need to be established.
- MPCC is cooperating with Berlin-based technology start-up “Zero 44” to develop software that maps processes and contractual agreements, enabling the automated daily EUA exposure calculation, management of certificate delivery and procurement.
- MPCC is preparing for the European Union’s Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards, which will extend the disclosure requirements beyond what needs to be reported today and come into effect in 2025. Already in 2023, MPCC will conduct a double materiality assessment in close cooperation with suppliers to enhance disclosure on various on ESG topic and KPIs.