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## Shipping CEOs Outline Key Policy Pillars for Decarbonization at Pace

As shipping Chief Executive Officers, we collectively acknowledge our companies' central role in ensuring our industry does its part to tackle global climate challenges. Our companies' proactive stance has placed us at the forefront of introducing low and near-zero greenhouse gas (GHG) emission ships, underscoring our commitment to the International Maritime Organization's (IMO) GHG reduction objectives for 2030, 2040, and 2050. However, for decarbonisation to truly occur at pace, it is also imperative for the other stakeholders the shipping value chain play their part, including in regard to the provision of sufficient quantities for green fuels, and for GHG regulation to have the critical attributes to support the transition. To add substance to the latter we present four fundamental regulatory and economic elements that we believe are indispensable elements of a globally viable legal framework for GHG reduction:

### 1. **An Effective GHG pricing mechanism:**

The co-signatories of this declaration support the adoption of a GHG emissions pricing mechanism that is substantial enough to underpin investment in innovative technologies and green fuels, while also ensuring a level playing field as vessels powered by fossil fuels and green fuels compete during the transitional phase. This mechanism would distribute the premium for the green fuels across all the fossil fuel used. As the initial volumes of green fuels will be relatively low, inflationary effects are mitigated. The mechanism also features a virtuous proportional benefit aspect whereby vessels will have an increasing regulatory incentive to reduce emissions to a greater degree. Furthermore, beyond covering the green fuel balance, revenue generated by the mechanism should go to an RD&D fund and to investments in developing countries to ensure a just transition that leaves no one behind.

### 2. **An end date for fossil fuel-only vessels and a clear GHG Energy-Intensity Standard timeline:**

We will work within the IMO, to seek to establish a definite and complete schedule of GHG energy use standards, and we propose setting an end date for building vessels that can only operate on fossil fuels. This will help shipowners and energy providers make investments, such as the new ships and fuel supply infrastructure needed to accelerate the energy transition.

### 3. **Accelerate the transition through a vessel pooling option:**

We support the introduction of a 'vessel pooling' option, the framework of which should be further refined by IMO, for environmental compliance with IMO's medium term GHG measure. With a pooling option it would be the performance of a group of vessels that would count, rather than having to be the incremental smaller steps of individual ships. Since the requirements to be met escalate over time, pooling would provide no haven for low-performing vessels, yet it would help secure the immediate commercial viability of vessels capable of drastic emission reductions. By ensuring investment can be made where it achieves greatest emissions reduction, thereby accelerating the transition to sustainable shipping across the entire fleet.

### 4. **Incorporation of Well-to-Wake (WtW) Values:**

Co-signatories would like to emphasize the importance of well-to-wake lifecycle basis for regulatory frameworks. This inclusion ensures investment decisions are aligned with climate interests, and therefore mitigates the risk of stranded assets.

We stand united in our mission to increase the pace of decarbonisation in the maritime sector and are adamant that these four policy cornerstones are indispensable to achieving that outcome. Our commitment to them reflects our resolve to lead the industry in a responsible and progressive direction, for the benefit of the global climate goals, to safeguard the health and well-being of communities worldwide, and in keeping with the broader vision of the IMO.

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