* The decarbonization trends and initiatives in the industries.

Shipping Industry- file:///C:/Users/hardik.malhotra/Downloads/MSC\_Sustainability\_Report\_2021.pdf

Decarbonising shipping is key to decarbonising the world and at COP26, our industry stood united in our call for climate action. MSC’s ambition is to achieve carbon neutrality across the entire Cargo Division by latest 2050, and we continue tode improve our fleet’s efficiency using digital tools and new technologies, as well as engaging with energy providers to explore solutions and scale up the production of low- and zero-carbon fuels. In 2021 we launched our carbon insetting programme, offering our customers the opportunity to reduce their supply chain emissions through sustainable biofuel. We see this as a key milestone of our collective journey to accelerate the energy transition, and with this momentum our ambitions continue to rise towards the net-zero system transformations we need. At MSC, we believe that decarbonisation goes beyond fuels and technologies and that we need a people-centred energy transition that harnesses the opportunities to discover and develop the talent and expertise our industry will be needing. It is clear that success can only be achieved in partnership with others, and for this reason we are actively engaging in new joint initiatives such as the Maritime Just Transition Task Force, strengthening our collaboration with the United Nations Global Compact, International Chamber of Shipping and the International Transport Workers’ Federation, among other industry players.

With business leading the transition to a low-carbon economy, transport and logistics are increasingly in the spotlight for our enabling role in decarbonisation and the global energy transition. Rising sea levels and more extreme weather events also have major implications for our industry, including the way we manage risk as well as our investments in climate adaptation activities and resilient coastal and inland infrastructure. Climate change is closely linked and carries implications for other major challenges we currently face in terms of its social impact. While recognising technology as one of the drivers of decarbonisation, the move to a net zero world will require a well-managed, people-centred and just transition for workers, businesses and communities.

**Enabling Logistics decarbonisation**

1. Aiming for carbon neutrality
2. Supporting Logistics transition solutions
3. Maintaining a focus on energy efficiency

In 2021, we were particularly active at the international level on various elements of the decarbonisation agenda, interacting with regulators, industry associations and civil society at key meetings of the International Maritime Organisation’s Marine Environment Protection Committee. During the UN Climate Change Conference (COP26) in Glasgow, the maritime community united at an unprecedented event that brought together leaders in shipping, energy, politics and finance to discuss efforts to decarbonise our industry. MSC has also contributed technical expertise through bilateral partnerships as well as participating in cross-industry initiatives to advance research and promote the production of low- and zero-carbon marine fuels. Over the past year we have continued to collaborate with our customers to identify new opportunities to address our respective sustainability ambitions, including supporting the decarbonisation of their supply chain. These partnerships, in addition to the multi-stakeholder platforms in which MSC participates, have demonstrated the value of collaborating with our customers to explore and deliver transition solutions to decarbonise end-to-end logistics. The ongoing engagement with non-governmental organisations and experts on topics related to marine conversation and protection reflects our commitment to restoring ocean health, and we continue our efforts to promote as well as take concrete actions to protect biodiversity and endangered species.

* The best practices being followed (if any).

Improving such connections – including building further throughput capacity at ports – may lead to increased system efficiency. Viewing the shipping value chain as a continuum through an end-to-end perspective, these efficiency gains have potential to reduce carbon emissions. Further, avoiding modal shifts toward less carbon efficient conveyances offers potential for even more energy and carbon savings.

While the private sector has made clear its commitment and readiness to step up, decarbonisation can only become reality as quickly as required if governments and international regulators establish policy frameworks to incentivise decarbonised shipping and the production of low- and zero-carbon marine fuels, paving the way for a level playing field in the marine fuel space.

2021 saw the introduction of regional regulation on maritime and road transport, with the European Union’s ‘Fit for 55’ package of proposals aiming to reduce the EU’s total emissions by 55% by 2030 towards full decarbonisation by 2050, measured against a 1990 baseline. The package is of relevance to MSC’s entire Cargo Division, with specific implications for our ocean operations including the revision of the EU Emissions Trading System as well as the introduction of the FuelEU Maritime Regulation, among others. EU regulation will also have implications for our port operations in terms of shore power supply and bunkering of alternative fuels, while new CO2 emissions performance standards and regulation on road transport are expected to affect our inland logistics.

The 26th UN Climate Change Conference of the Parties (COP26) held in November 2021 in Glasgow saw unprecedented participation by members of the maritime community, calling for climate regulation to reduce shipping’s carbon footprint and incentivise a fourth propulsion revolution.

MSC played an active and visible role in this event, and the preparations leading up to it. More than twenty countries signed the ‘Clydebank Declaration’, committing to create six green shipping corridors by 2025 as a means of accelerating the zero-carbon fuels and technologies, infrastructure and regulatory frameworks for the decarbonisation transition

In 2021 we leveraged our collective efforts to promote and steer the decarbonisation agenda, joining with others – through associations such as the International Chamber of Shipping, BIMCO and the World Shipping Council, as well as through multi-stakeholder platforms such as the IMO’s Global Industry Alliance to Support Low Carbon Shipping, Clean Cargo and the Getting to Zero Coalition – to advocate for increased support to first movers leading the way towards net-zero targets.

* The challenges faced in implementing these decarbonization efforts.
* Any current or upcoming regulations that mandate the decarbonization requirements.
* An executive summary slide comparing both industries on the 4 parameters stated above.