

## Capital Link 13th Annual Shipping & Marine Services Forum

*"London Calling - Supercycle Ahead?"*  
Digital Conference

Monday, September 13, 2021  
9:50am – 6:00pm London Time

**Complimentary Registration**

## PRESS RELEASE

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Monday, September 13, 2021  
09:50am – 6:00pm London Time BST

NEW YORK, September 20, 2021

The **13th Annual Capital Link Shipping & Marine Services Forum - "London Calling - Supercycle Ahead?"**, took place with great success on **Monday, September 13, 2021** at 09:50am – 6:00pm London Time BST as a **digital conference**, attracting a large number of participants both from the UK and from around the world. The Forum was hosted in partnership with **Astrup Fearnleys** and in cooperation with the **London Stock Exchange**. The event was held in conjunction with the **London International Shipping Week 2021**.

The Forum was honored by the participation of **Mr. Robert Courts MP, Minister for Aviation, Maritime & Security - Department for Transport – UK**, who delivered the **Opening Keynote Remarks**.

The participation of **Ms. Nusrat Ghani, MP Member of the UK Parliament, Former Parliamentary Under-Secretary – Department of Transport**, was a great honor for the Forum, as she delivered the **Closing Remarks**.

This year it aimed to provide investors with a comprehensive review and current outlook of the various shipping markets, covering topics of critical interest to industry participants, financiers and investors

**The Forum has a 13-year track record and has been traditionally hosted as a physical event.** Owing to the ongoing COVID-19 challenges posed, this event was hosted in digital format.

# AGENDA

## Welcome Remarks: Mr. Nicolas Bornozis, President – Capital Link, Inc.

**Mr. Bornozis**, upon welcoming and thanking all partners, sponsors and delegates for their participation, stated: “We are hosting this event as part of the London International Shipping Week 2021. Continuing the tradition, the Forum is being held in partnership with Astrup Fearnleys and also in cooperation with the London Stock Exchange, and I would like to express our appreciation to them for their support throughout all these years.

Today’s Forum comes at a very critical and interesting point for the industry. We have a very compact & top-level agenda full of highly important topics and speakers. We are going to feature UK and internationally based industry leaders addressing a global audience on issues of critical relevance to the UK maritime cluster and to the global industry, highlighting the maritime industry ecosystem of UK and London such as capital raising, the bond market, the new landscape of capital sources, shipbroking, S&P and newbuilds, decarbonization, marine insurance, and more, and the continued leadership and presence of UK and London maritime market in the global maritime industry.

We are honored that **Mr. Robert Courts MP, Minister for Aviation, Maritime & Security - Department for Transport – UK**, is with us today. I would like to welcome him and thank him for delivering the Opening Keynote Remarks to our Forum.”

## REAFFIRMING GLOBAL MARITIME LEADERSHIP IN A POST-EU BRITAIN

### Opening Keynote Remarks

#### Mr. Robert Courts MP, Minister for Aviation, Maritime & Security - Department for Transport – UK

**Minister Courts** opened and welcomed everyone to the forum, praising the expertise, fairness and professionalism of the maritime services in the UK. He emphasised the importance of the City’s and the UK’s position global role in maritime services.

Whilst many of these services are hosted within the City’s Square Mile, Minister Courts stressed that their success is built upon the contribution of the whole of the UK. That is why as part of the UK’s Maritime 2050 strategy regional hubs of maritime expertise are being established.

Addressing the challenge of climate change, the most important challenge for our generation, the Minister highlighted the importance of taking steps to reduce emissions from the maritime industries, and role for maritime services to support that. The UK Government has made a significant commitment to doing so by instigating a path to net zero. Initial steps have been taken through the £20 million Clean Maritime Demonstration Competition and the recent publication of the Transport Decarbonisation Plan. Further to this, steps are being taken to explore establishing the UK Shipping Office for Reducing Emissions (UK-SHORE).

To support this ambition, the Minister highlighted the need for investment in infrastructure, which will be coordinated by the newly formed Infrastructure Bank headquartered in Leeds.

Minister Courts concluded that through the Government’s published route maps on trade, technology and environment, he is confident that the sector can face the challenges of the future and that the UK will remain the centre of the maritime world.

## LONDON CALLING - LEADING THE GLOBAL DIGITAL TRANSFORMATION

*The pandemic has fundamentally altered the maritime industry’s regard for technology. Greater appetite for and acceptance of digital solutions are advancing a data driven transformation that extends beyond shipowners and ship managers to charterers, financiers and insurers. The session evaluated shipping’s digital data maturity, overcoming data*

challenges (access, quality vs quantity) and how industry stakeholders can derive value from data solutions for making better decisions. The advent of EEXI and CII is creating a new level of complexity to ship operations and this session assessed why data must be part of the solution as well as how data will change the commercial and regulatory landscape.

**Moderator: Mr. Andy McKeran**, LR Maritime Performance Services Director - **Lloyd's Register**

**Panelists:**

- **Mr. Gerry Docherty**, Director of Fleet Management - **Ardmore Shipping Services**
- **Mr. Shreyas Chipalkatty**, Global Head of Shipping, Logistics and Offshore Business - **Citigroup**
- **Ms. Rachel Hoyland**, Senior Associate, Shipping Team | Marine, Trade, Energy - **Hill Dickinson LLP**
- **Mr. John M Hadjipateras**, Co-Founder - **Infinity Maritime**
- **Mr. Kjeld Roar Jensen, VP** – Head of Fleet Systems – **TORM**

**Mr. John M Hadjipateras**, Co-Founder - **Infinity Maritime**, stated: “We launched Infinity Maritime as the first platform to provide alternative maritime finance through digitisation enabling fractional ownership of ships. Our ambition is to reinvigorate the maritime ecosystem - not disrupt it.

Understanding Digitalization vs Digitization is important for the industry: Much of the conversation is about how to collect digital data on vessel performance. Digitalisation enhances operator transparency (an anathema to some) but for those who embrace it, it's a strong differentiator, and not only gives better operational insight (ie more efficiency and tracking sustainability targets) but undoubtedly creates a better relationship with investors. In addition to this, it's necessary to see how digitisation can transform other aspects of the maritime sector, notably finance, given the ongoing lack of traditional sources of debt to many small to medium sized owners.

Sustainability isn't a barrier, it's an opportunity: An ever increasing volume of capital is focussed on sustainability and maritime has traditionally missed out. If we can prioritise sustainability on our vessel designs and operating approach, we will be able to access these funds. EEXI and CII, rather than a barrier to progress, are likely to be the fastest way for us to embrace the opportunities of sustainability.

Digital transformation in maritime finance is also enabling better ways for investors to gain exposure to shipping assets, beyond collaborative direct ownership (where relationships can cloud judgement) and publicly listed stocks (where the operation may not prioritise investor returns). Instead, digital fractionalization of assets with transparent data on asset performance creates a more exciting joint ownership opportunity combined with secondary market trading, allowing investors to change position and hedge, and see with clarity that the assets are being operated in the most efficient way.

Infinity Maritime is the London based alternative finance digital platform for the issuance and trading of asset-backed MetaUnits in the maritime sector. Through the fractionalisation and digitisation of maritime assets, Infinity allows broader access to real asset investment opportunities and more exit opportunities for investors within the global maritime industry with a core objective of promoting sustainability.”

**Mr. Kjeld Roar Jensen, VP** – Head of Fleet Systems - **TORM**, stated: “EEXI is a one-off thing and works as a ticket to play and is not expected to affect the TORM fleet much. However CII data can become a game changer, as we expect more transparency related to this measure and thereby allow external stakeholders to follow what ship operators are doing. For TORM, our vessels are well positioned to already meet the 2030 requirements, so we expect there will be a revision of the CII in the future to set a more ambitious target.”

## **LONDON AS A SOURCE OF CAPITAL TO GLOBAL SHIPPING**

### **Introductory Presentation**

- **Mr. Axel Kalinowski**, Head of Central & Southern Europe - **London Stock Exchange**

**Mr. Axel Kalinowski**, opened the panel session with a short presentation on latest Capital Markets activity and the London Stock Exchange's supportive role in the maritime sector. Just as in the shipping sector, 2021

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has been a record year for London Stock Exchange in terms of IPOs and equity capital raised (USD 45.6 billion in Equity raised in total so far). 2021 is the most active year in the last 7 years with 76 IPOs to date.

Highlighting that UK Capital Markets are currently undergoing a series of consultations which will aim to make London even more attractive to companies and funds to list and raise capital. Potential changes include a reduction in free float requirements, introducing the possibility of owners retaining greater control through the introduction of dual class shares on the Premium segment. Presenting recent success stories such as Taylor Maritime and Tufton Oceanic which not only raised money at IPO but also returned to the market post-IPO raising further funds to invest in their fleet. London Stock Exchange is also very much committed to issue of decarbonization and Sustainability and London as the leading Financial centre globally on Green Finance is well positioned to support the industry on its transition journey towards a greener and sustainable future.

Tom Attenborough – Head of International Business Development discussed in more detail some of the regulatory changes taking place, the attractiveness and sophistication of London’s ecosystem in the Maritime space, the possibilities that exist for dual-listings (over 500 LSE listed companies have more than 1 listing) and also underlined that London Stock Exchange is proud to be part of the City’s maritime heritage, and excited to be an important part of its future given the road towards great decarbonisation .

### **Panel Discussion**

*There has been a resurgence of equity capital raising on the LSE. The panel discussed the attractiveness of London as a listing destination for shipping companies and venue for raising equity, the profiles of investors active in the UK market and the role of UK and international banks in the process. Panelists included global companies listed on the LSE both domiciled in the UK and abroad who shared their reflections on their London listing.*

**Moderator: Mrs. Diana Syziu, Partner - Hill Dickinson LLP**

**Panelists:**

- **Mr. Nick Stone**, Finance Director - **Braemar**
- **Mr. Tom Attenborough**, Head of International Business Development – **London Stock Exchange**
- **Mr. Edward Buttery**, CEO - **Taylor Maritime Investments**
- **Mr. Paulo Almeida**, CIO - **Tufton Oceanic Investments Ltd.**

**Mrs. Diana Syziu, Partner - Hill Dickinson LLP**, stated: “London has seen a boom in listings and a rise in the number of companies looking to list or dual list in the main segment/standard market and alternative investment market, both under the umbrella of the LSE. London has an established prime reputation on brokerage, finance, insurance and management and now expanding rapidly on the listing and fundraising of international transportation companies and funds with connections to or operating in shipping industry.

London has brought to the investors the security to their investment, the in-depth experience of leveraged finance and accessibility to some of the top companies in the world listed in the LSE. Shipping is moving from international family owned businesses to international power houses widening the investor net and innovating themselves within the modern era.

The global pandemic has created an uncertainty in all industries and shipping was not excluded from the ripple effects worldwide. LSE has been more active and London more buoyant than it has even been over the last 20 years with a large number of international entities (funds and management companies and owners alike) successfully listing and/or successfully engaging in consecutive rounds and seeking additional funding from investors which are clear indicators of trust and appetite in the UK investor market.

The theme of this year’s London International Shipping Week is the crucial topic of Environmental and Social Governance which we all support and work hard to do right by our present actions for the future generations. Shipping has been often viewed as a large industry affecting the environment and therefore, driving such important initiatives such as the ESG, Poseidon Principles, IMO 2020 Regulations. More needs to be done and the Investors support and work alongside the international shipping and transportation companies to broaden these initiatives and obtain real tangible results.”



**Taylor Maritime's**, CEO, **Edward Buttery** (who provided evidence of Mr Yang's analysis citing his family's Amazon deliveries coming in his front door) said, that even if the heady heights of \$20,000 a day for handysize bulkers is not available right now, the rates being seen today are significantly above those of much of the last decade. Mr Buttery shared some interesting insights into diversification and a view on the negative effects of a concentration on individual market sectors which has helped drive the boom-and-bust profile of shipping.

**Mr. Paulo Almeida**, CIO - **Tufton Oceanic Investments Ltd.**, stated: "Why did Tufton list its fund SHIP in London rather than, for example, New York or Oslo? London is the most important equity market in Europe, and almost certainly the second most important in the world after NY even if Hong Kong has been catching up due to its proximity to China. There are very sophisticated investors in London and it is also the European headquarters for most investors from the rest of the world. There were already many listed alternative funds invested in assets such as infrastructure and aircraft leasing starting at a few hundred million dollars market cap. In London we also have more diversified investors who follow a quasi endowment model with large percentage allocations to listed alternative assets. This was a perfect fit for our listed fund SHIP which provides investors exposure to the shipping industry with low leverage, a diverse portfolio and decent charter cover. We invest in shipping very much the way that the most successful private families invest, and that's the model that investors new to shipping want to and should invest. This allows us to pay a strong and predictable dividend. We brought London investors a suitable way to invest in shipping, and Taylor have built on that a few years later. Having two strong companies is better for both of us."

## PROVIDING CAPITAL TO SHIPPING - THE NEW LANDSCAPE

### Banks - Alternative Finance - The Emergence of New Capital Sources and Finance Hubs

*This panel discussed the current landscape and interaction among key finance providers such as traditional banks, leasing firms, credit funds and other forms of alternative finance. It also addressed the impact of regulations and green shipping as well as the emergence of new regional and international hubs providing capital to shipping.*

**Moderator: Mr. Robert Wilkins**, Partner, Chair of Transportation Industry Group - **Reed Smith**

#### Panelists:

- **Mr. Joep Gorgels**, Global Head of Transportation & Logistics - **ABN AMRO Bank**
- **Mr. Elias Sakellis**, CEO - **Australis Maritime**
- **Mr. Vassilios Maroulis**, Managing Director, EMEA Industry Head, Shipping, Logistics & Offshore - **Citibank N.A.**
- **Mr. Peter Wessel-Aas**, Vice President, Investment Banking - **Fearnley Securities AS**
- **Mr. Guillaume Bayol**, Managing Director & Co-Portfolio Manager - **Fleetscape**

**Mr. Peter Wessel-Aas**, Vice President, Investment Banking - **Fearnley Securities AS**, stated: "Public markets are indeed open. While the bond market is not a novel source of capital to the shipping industry in general, I would argue that the current strength of the bond market opens the door to public funding for a larger spectrum of ship owners.

Ship owners who would historically not have access will, to a larger extent, be eligible for bond financing. Usual suspects in the high yield market will be able to obtain more attractive financing, and a larger issuer demographic will be able to tap the market for unsecured financing.

Moreover, the introduction of sustainability features unlocks access to pockets of capital otherwise unavailable for shipowners which we believe will have a significant impact in making the bond market an attractive venue for financing."

## HOW GREEN IS GREEN

*There are many shades of green in the ship finance market ranging from responsible investments, to sustainable finance and 'pure' green finance. The presentation discussed their similarities and differences and also focused on current trends and recent experiences in the field in relation to actual transactions and documentation used in the market. Connections between these and the wider green initiatives in the shipping industry were also touched upon.*

## Presentation by:

**Mrs. Dora Mace-Kokota**, Partner - **Stephenson Harwood**

**Mrs. Dora Mace-Kokota**, analysed in her presentation the different kinds of loan products offered currently within the green and sustainable shipping finance market. She explored these specifically in the context of the

principles developed by the Loan Market Association in respect of green and sustainable loans. Her presentation also examined in some detail the advantages and disadvantages of such products for owners and financiers as well as the mechanisms through which these are implemented in the loan documentation. She stated that the key questions for the immediate future will be whether there will be a more uniform market and framework for such products, whether smaller and medium outfits will have access to these and how the financing demands in terms of 'zero emissions' vessels will be met in the next 20-30 years.

## SPOTLIGHT ON DECARBONIZATION - TECHNOLOGY - SAFETY

### 1x1 Discussion between:

- **Mrs. Karrie Trauth**, Head of Shipping - **Shell Shipping & Trading**
- **Mr. Knut Oerbeck-Nilssen**, CEO - **DNV Maritime**

In her discussion with **DNV Maritime** CEO **Knut Ørbeck-Nilssen**, **Karrie Trauth**, Head of Shipping and Maritime at **Shell Shipping & Trading**, talked about preparing the shipping industry for the future and her commitment to play a leading role in helping decarbonise a sector that is critical to the global economy.

She referred to the five recommendations made in a white paper Shell published with Deloitte last year. It sets out the need for regulatory alignment that could create a level playing field and stimulate customer demand for zero-emission shipping. It urges companies to work together, forming cross sector groups, to accelerate research and development work and pilot projects on low-emission fuels and other solutions.

Ms. Trauth emphasised that the industry would benefit from a co-ordinated approach but that the energy transition will move at different paces in different places depending on infrastructure changes, technological rollout and policy incentives.

“We believe that shipping needs to set a clear pathway to net-zero emissions by 2050 and will be advocating for the IMO to use its 2023 strategy review to set a target of the sector moving to net-zero by 2050,” she said, “For the sector to decarbonise now we believe that it needs to use the lowest carbon fuel solutions now such as LNG, biofuels and gas while developing the zero carbon future such as hydrogen-based fuels incl ammonia and other synfuels.”

Asked about LNG, Ms. Trauth discussed the options for LNG to achieve immediate emissions reductions while noting that fuel cells will be a key technology to unlock the use of future fuels. Trauth said efficiencies in combination with LNG will help close the gap to zero. She said Shell sees hydrogen-based fuels as the long-term zero-emission fuels.

Reflecting on the opportunity for companies, within the industry, Ms. Trauth observed that decarbonisation will require non-traditional partnerships to shape a competitive market place where customers can come for decarbonisation solutions or lower carbon products and service. She urged the International Maritime Organization on its accelerated ambition to get to net zero by 2050.

She concluded, “At the end of the day, it’s business and so there will be winners and losers. Shell intends to win and to partner with other winners.”

In his discussion with **Karrie Trauth**, Head of Shipping – **Shell Shipping & Trading**, **DNV Maritime** CEO **Knut Ørbeck-Nilssen**, said that industry interest in decarbonization was overwhelming. “The new DNV Maritime Forecast to 2050 showed that the next transition would not see the industry switching from one fuel type to another – but that there would be a multitude of different fuel options. However, what we see is that

onboard technologies are ahead of the production of green fuels, and that for many green fuels the infrastructure is not there for adoption at large scale.”

The industry could not afford delay he said, “This makes it so important to use the best option available now – gas as fuel in combination with efficiency measures as a bridging fuel. But the bridge can be very long – 1 or 2 vessel generations, taking us from LNG into biofuels, e-fuels, and onto zero-carbon fuels.”

Flexibility was the solution for the industry in these uncertain times: “Going forward, we will see many different fuels and even different fuels used on a single vessel. This is different from previous fuel transitions. Our key message is to build in fuel flexibility – look at how you can build fuel flexibility into your vessel today,” he said.

But even in the face of this grand challenge, he said that shipping could not compromise on safety, and that new fuels and new technologies are creating a new risk landscape, adding to an already complex operating environment. “It is vital that seafarers have the training and competence to deal with these new risks. Greater connectivity onboard could be both very helpful, but at the same time poses its own challenges. It’s not just about the hardware, but the people,” he emphasized.

Summing up, Knut Ørbeck-Nilssen said: “Decarbonization is not a race, rather in order to achieve the ambitions of our industry and society– it’s all about collaboration.”

## DECARBONIZATION IN SHIPPING – TO WIN OR NOT TO WIN?

### Keynote Presentation

**Dr. Martin Stopford**, Non-Executive President - **Clarksons Research Services Limited**

**Martin Stopford** discussed challenges the maritime industry faces in winning the decarbonisation game.

He argued that the shipping industry's ability to massively reduce its carbon footprint need not be in doubt. A combination of measures including the management of existing ships; green fuels; electric propulsion systems and speed management will ensure a win in that direction.

A much more important priority is to build a new and better maritime transport system, capable of taking full advantage of the revolutionary propulsion and information systems as they become available. He argued that electrical ships, powered by green fuel, will turn out to be a great step forward from their diesel powered predecessors. And the transport systems facilitated by I4 technology will revolutionise value added by maritime transport services.

The only reason the industry might fail is if shipping companies are not able to implement these changes. \$3-4 trillion investment will be needed and the business that lies ahead will be very different from the past 50 years. So the companies will need to change. Ultimately, the shipping companies will be the centre forwards in the game and to get the money they need to be able to deliver. That means putting the technology ball in the net. Dr Stopford concluded. “Today’s shipping company structures were not designed for this sort of thing, so don't just think regulation, think organisation, governance and putting the technology ball in the net”.

## DECARBONIZATION - POLICY MAKING AT CROSSROADS

### Who Will Pay for the Bill? The Billion Dollar Question

**Moderator: Mr. Simon Petch**, Partner - **Watson Farley & Williams**

**Panelists:**

- **Mr. Lars Robert Pedersen**, Deputy Secretary General - **BIMCO**
- **Mr. Philippos Philis**, Vice President & President Elect - European Shipowners Associations (ECSA); CEO - **Lemissoler Navigation**

- **Ms. Magda Kopczynska**, Director for Waterborne - Directorate General for Mobility and Transport - **European Commission**
- **Mr. Guy Platten**, Deputy Secretary General - **International Chamber of Shipping (ICS)**
- **Mr. Hiroyuki Yamada**, Director, Marine Environment Division - **International Maritime Organization (IMO)**

**Mr. Simon Petch**, Partner - **Watson Farley & Williams**, commented: “The IMO’s decarbonisation goals are ambitious, and there’s no ‘silver bullet’ solution. Whilst there are encouraging developments in alternative fuels and energy saving technologies, for example, the commercialisation of these initiatives comes at a huge cost. That is probably the biggest challenge facing the industry as a whole.”

**Mr. Lars Robert Pedersen**, Deputy Secretary General – **BIMCO**, stated that: “Dealing with decarbonisation is difficult in a global industry because the national perspectives of countries differ. Finding common ground is the challenge while being mindful to the impact on states any policy brings about. Ultimately, what is needed is a policy framework which facilitates a transition towards decarbonisation lasting possibly decades during which there is a fair market for operators of both new and old tonnage/fuels. A market based measure could ultimately close the price gap between the new and old fuels.”

**Mr. Philippos Philis**, Vice President & President Elect - European Shipowners Associations (ECSA); CEO - **Lemissoler Navigation**, reflected on the recent EU proposals, i.e. the EU ETS and the introduction of a fuel standard (FuelEU Maritime). Even though an international solution for shipping would have been preferable, the increased climate ambition of the EU’s ‘Fit for 55’ climate package is welcome. However, a lack of consistency among some of the proposals of the package which may undermine its environmental.

A dedicated fund should be set up under the EU ETS to stabilise the carbon price, which is especially important for the many small and medium sized shipowners. Importantly, generated revenues should support the sector’s energy transition. The recognition of the role of the commercial operator in the ETS proposal is welcome. It’s essential that the commercial operator bears the costs of the ETS. However, this has to become a legally binding requirement in the articles of the Directive.

The objective of the FuelEU Maritime initiative to foster the market uptake of cleaner fuels is welcome. However, the proposal does not seem to be consistent with the increased climate ambition of the EU. Incentivising the uptake of biofuel blends purchased outside the EU could create an enforcement minefield, putting at risk the achievement of emissions reductions. While it is of utmost importance that flexibility is safeguarded, the introduction of double counting or double requirements must be avoided. The principal obligation for compliance with a fuel standard should rest with the EU fuel suppliers. A financial penalty on ships when the infrastructure for Onshore Power Supply is not available in a port, penalises the wrong entity. At the very least, ships must be exempt from this requirement, when the port infrastructure is not available or not compatible with ships’ equipment.

**Ms. Magda Kopczynska**, Director for Waterborne Transport - **European Commission**, stated “The objective to become a climate-neutral economy is at the heart of the European Green Deal and the European Climate Law. To deliver on this objective, including the new EU target for 2030 of reducing greenhouse gas emissions by at least 55%, the European Commission proposed a basket of regulatory measures, including key requirements for the production, deployment and uptake of renewable and low-carbon fuels and putting a price on carbon emissions. For maritime transport, the specific proposals include a standard setting limits on GHG intensity of energy used onboard a ship (FuelEU maritime) and the extension of the existing EU’s Emissions Trading System (EU ETS) to cover maritime transport. A combination of technical and market-based measures that can effectively reduce GHG emissions will be equally important at global level and the EU is committed to push for such progress at IMO, stressing the need for flexibility to address different views and needs worldwide. To keep in mind that according to a recent report of the World Meteorological Organization, as society we are already paying in terms of our in-action a bitter toll: 115 fatalities and US\$ 202 million losses daily on average in the past 50 years of mortality and economic losses from weather, water and climate



extremes to date. Figures like these help to put things in the right perspective when we ask to ourselves who should pay for the decarbonisation of the waterborne sector.”

**Mr. Hiroyuki Yamada**, Director, Marine Environment Division - **International Maritime Organization (IMO)**, stated: “In June this year, IMO’s MEPC 76 has adopted MARPOL Annex VI amendments related to short-term measures, combination of technical and operational measures, aiming at 40% reduction of carbon intensity from international shipping by 2030. These measures will be implemented from 2023, in line with the Initial IMO GHG Strategy. IMO will consider mid-term measures, including MBMs, by ISWG-GHG 10 in October and MEPC 77 in November, based on the work plan approved at MEPC 76. ISWG 9 this week will consider life-cycle assessment guidelines for fuels, based on concrete proposals by Members, which will incentivize the use of low- and zero-carbon fuels.

As a global regulatory body, IMO needs agreement among its 174 Member States, including both developing and developed countries. Climate change is a very political and complex issue and, naturally, there are divergent views among Members on how to reduce GHG emissions from shipping. When looking back at its more than 60 years history, IMO has always reached solutions, owing to IMO spirit of cooperation.

Furthermore, IMO has been conducting various TC and capacity-building activities to reduce GHG emissions from shipping, based on its fund and thanks to generous donors, to ensure no one being left behind. IMO is a technical UN body and has taken firm steps to implement many international regulations, which will be applicable to GHG reduction measures.”

## **THE S&P AND NEWBUILDING MARKETS – IMPACT OF TECHNOLOGY, FINANCE & REGULATION**

*How do the freight rates of today’s shipping markets impact ship operations, fleet maintenance and fleet renewal? Different market segments operate under different dynamics – overall there seems to be brisk demand for ships today while shipping companies need to prepare for the next generation ships and shipyards seem to be quite booked. Green Shipping seems to be a one-way road – but how do companies navigate given the uncertainty on fuel types and their infrastructure, rapid technological developments, new regulatory requirements, availability of finance and charterer preferences? The panel provided the viewpoint of major stakeholders from different angles – shipbroking, technology and finance.*

**Moderator: Mr. Nicholas Brown**, Brand & Communications Director - **Bureau Veritas Marine & Offshore**  
**Panelists:**

- **Mr. Richard Fulford Smith**, Managing Partner - **Affinity (Shipping) LLP**
- **Mr. James Gundy**, CEO - **Braemar**
- **Mrs. Lois Zabrocky**, President & CEO - **International Seaways**
- **Mr. Paolo Moretti**, CEO – **RINA Services**
- **Mr. Andrea Morgante**, Vice President, Marine Power Strategy – **Wärtsilä**

When asked by the moderator how he would see the present fuel landscape and the regulatory overlap between for example IMO, EU regulations, USA regulations, **Mr. Paolo Moretti**, CEO – **RINA Services**, highlighted how there is now time to waste and we can’t just sit and hope the regulations will show us the way forward.

He envisaged a three-fold scenario with short, medium and long term measures to be taken. He said he had no doubt that by the end of the century the maritime industry will be completely decarbonized, but in the short and medium term all options should be kept open, including hydrogen, ammonia and even nuclear energy.

When assessing the sustainability of alternative fuels, the overall emissions form well to wake should be addressed. In this respect, LNG can well be regarded as a transition fuel.

In the short term, a mixture of solutions covering efficiency, new technologies, alternative fuels, innovative designs will be adopted for the transition.

Of the utmost importance, the maritime industry should be aware of what is happening in a wider landscape, across other industries, as most problems will be sorted out by other industries needing alternative fuels and cross fertilization will be the access key to new technologies.

He pointed out how his company is performing engineering activities on hydrogen in the railway sector, for example, and testing a mixture of hydrogen and LNG for the decarbonization of hard to abate sectors such as steel production.

He also highlighted out how the shipping industry will have to be able to change some paradigms, and he mentioned as an example a joint project with Wärtsilä, for a propulsion systems equipped with 2 four-stroke engines, a totally new design with respect to existing configurations.

In a second round of questions, when asked for some final thoughts, Mr Moretti focused on investors, access to finance, and the need for clear KPI definition and universal metrics when assessing the ESG performance of businesses.

**Mr. Andrea Morgante**, Vice President, Marine Power Strategy – **Wärtsilä**, stated that: "The technology to drastically reduce emissions already exists today. One could say we have been preparing for this for decades: validation of biomethane and synthetic methane in 2003, first methanol conversion in 2015 and ongoing testing of ammonia and hydrogen as we speak.

Today, we already have the know-how and the technology to set the industry on an upgrade path towards complete decarbonisation.

Equally crucial is action from both the market and regulators to incentivise investment, build infrastructure, and favour the needed fuel supply chain development. The challenge is not downstream; it is upstream."

## SHIPPING - THE INVESTOR VIEWPOINT

*Shipping is in a new era. With the world economy slowly reopening, global mobility eventually restored and supply chain disruptions diminished, the fundamentals and outlook for shipping are bright across the various sectors. Freight rates, asset values and stock prices are up. There has been a resurgence of investor interest in shipping with new IPOs and several secondary offerings. At the same time, other investors, mainly Private Equity Firms, took their profits exiting or decreasing their investments. Is this the time to invest? The panel provided the viewpoint of investors in assets and stocks from different investor classes.*

**Moderator: Mr. Joachim Rasmussen**, Head of Equity & Fixed Income Sales – Partner - **Fearnley Securities AS**

**Panelists:**

- **Mr. Andrian Dacy**, CEO & Managing Director, Global Transportation Group - **J.P. Morgan Asset Management**
- **Mr. Simon Roksund Johannessen**, Global Portfolio Manager - **KLP**
- **Mr. Roberto Rondelli**, Partner - **Pillarstone**
- **Mr. Will Homan-Russell**, Managing Director & Portfolio Manager - **WMC Capital**

**Mr. Will Homan-Russell**, Managing Director & Portfolio Manager - **WMC Capital**, stated: "The shipping sector provides a rich arena for the fundamental value investor with its cyclicality, everchanging demand and supply drivers, fragmented corporate makeup and its limited public markets exposure often leading to mispricing. A long / short overlay enables an increased risk / reward payoff as investments in competing subsector cycles can be offset against each other. After a decade of underperformance the fundamentals are now aligned in shipping's favour: a strong demand recovery out of Covid-19 with synchronised global fiscal stimulus and a move to just-in-case inventories; low supply growth with significantly reduced shipyard capacity, strong replacement cost inflation and an ageing fleet; and tightening environmental regulations restraining future investment and likely leading to earlier technological obsolescence of the existing fleet. The Albemarle

Shipping Fund, one of the only pureplay hedge funds investing in the shipping space, continues to capitalise on these dynamic fundamentals as they evolve.”

## **GLOBAL SHIPPING - A SUPERCYCLE AHEAD?**

*What is different this time? Are we at the beginning of a new supercycle for shipping spreading across all market segments? A panel of senior executives from the major market segments shared their insight as to what makes this cycle different and the outlook ahead.*

**Moderator: Mr. Peder Nicolai Jarlsby**, Partner, Equity Research - **Fearnley Securities AS**

**Panelists:**

- **Mr. Mark O’Neil**, President & CEO - **Columbia Shipmanagement, Ltd.**; President - **InterManager**
- **Mr. John Lycouris**, CEO - **Dorian LPG (USA)**
- **Mr. Oystein Kalleklev**, CEO - **Flex LNG**
- **Mr. Mikael Skov**, CEO - **Hafnia**
- **Mr. Constantin Baack**, CEO - **MPC Container Ships**
- **Mr. Hamish Norton**, President - **Star Bulk Carriers**

**Mr. Peder Nicolai Jarlsby**, Partner, Equity Research - **Fearnley Securities AS**, stated: “Looking back to the early innings of 2020, I think very few of us had expected shipping markets to be firing on (nearly) all cylinders a year later. Clearly, supply side disruptions have been a big contributor to the record rate levels we have seen through 2021 and at one point these will abate. However, the long-term supply dynamics are looking very promising in form of low orderbooks and old fleets in many segments, limited available yard capacity and perhaps most importantly, a substantially tougher stance on emissions. Increased focus on emissions will create winners and losers, but overall we believe this will have positive effects on supply/demand dynamics and hopefully also contribute to changing investors’ perception of shipping.”

**Mr. Oystein Kalleklev**, CEO - **Flex LNG**, stated: “The basis for the business plan in Flex LNG was to acquire modern efficient (MEGI/XDF) LNG ships when the newbuilding prices were low in 2017 and 2018. During the last three years we have now taken delivery of all our 13 state-of-the-art LNG carriers according to plan. The replacement of older inefficient LNG ships by modern MEGI/XDF is now accelerating as these older ships are rolling of their legacy contracts. With new decarbonization rules in shipping, a large part of the existing LNG carrier fleet face technical and commercial obsolescence and this coupled by high growth in LNG exports for the foreseeable future will creating attractive opportunities for owners with new efficient tonnage meeting the future requirements.”

**Mr. Mikael Skov**, CEO – **Hafnia**, stated: “It is clear that oil will continue to be a major part of the energy mix for many years to come. Although we do not believe we are on the verge of a traditional supercycle, as some suggest, we do see market dynamics changing rapidly. Prior to Covid-19, the tanker industry never had a demand problem - although a constantly increasing supply of new vessels did hinder the upside of stable demand increases. Now, in addition to the impacts of the pandemic, increasing environmental regulations from pressure to decarbonize have led to a historically low orderbook of traditional medium-size product tankers. It makes no economic sense to order these vessels without future proof dual-fuel engines. We see this standstill of low ordering (net annual inflow of vessels less than 1% the next two years) combined with a rebound in oil demand as economies reopen creating a very strong market environment for product tankers for a number of years.”

**Mr. Constantin Baack**, serves as CEO - **MPC Container Ships ASA (“MPCC”)**, since foundation of the company in 2017. Today, MPCC is the largest intra-regional tonnage provider owning a fleet of 75 container ships, which are operated globally.

Mr. Baack started his career in the marine operations department at Hamburg Süd in Sydney. He thereafter moved to Ernst & Young within auditing and transaction advisory out of Hamburg and Shanghai. In 2008, Mr. Baack joined the MPC Group where he has since held various senior management positions in Germany and

abroad, including Head of Shipping of the MPC Group and CFO of Frankfurt-listed asset and investment manager MPC Capital AG.

Mr. Baack studied business administration in Hamburg and Sydney. He holds a Graduate Diploma and a Master of Science in international business from the University of Sydney.”

## **CLOSING REMARKS**

1x1 Discussion between:

- **Ms. Nusrat Ghani, MP Member of the UK Parliament, Former Parliamentary Under-Secretary – Department of Transport**
- **Mr. Jos Standerwick, Chief Executive - Maritime London**

## **THE FORUM WAS ORGANIZED:**

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