

Highlights.

Today, nobody can avoid discussions about climate change and how to develop a sustainable society, how this will affect us and what we can do to avoid the consequences. These discussions take place at all levels of society, from top-level UN meetings to kitchen table meetings. I think we all know that we need to make changes, but we are still questioning what should be done and by whom. The UN has taken leadership in this area by establishing the 17 Sustainable Development Goals (SDG), where they point out where and how the world must change if we want to avoid poverty, inequality and environmental damage.

The maritime sector is of course also affected by this discussion, since it conducts business worldwide that is relevant to several of the 17 SDGs, and as for the rest of the world, there are no clear answers as to what the best solution is for meeting the goals and satisfying other requirements. In particular, the question of how to reduce emissions does not have a clear answer at present. There are several options, but they have different positive and negative consequences, and different investment costs connected to them. This means that system owners run a high risk of choosing a solution that will not meet the target for the investment.

To be able to satisfy the requirement to reduce greenhouse gas emissions by 50 percent by 2050, you will most likely need to combine different actions for your system, such as a change of fuel, a new propulsion method, different material and construction, improved operations, etc.

In this edition of Highlights, we have several articles describing different actions that should be possible to reduce greenhouse gas emissions, directly or indirectly. Personally, I am very interested in following the development concerning using sails as a propulsion method once again, and as such I would recommend reading the article “A renaissance of wind-powered ships” on page 14.

I hope that you find some articles to pique your interest. Happy reading!

Stefan Eliasson

President & CEO

Heading towards 2030

SSPA’s vision is to be recognised as the most rewarding partner for innovative and sustainable maritime development. We want to contribute with new solutions to be able to achieve a long-term sustainable and environmentally friendly society for both those of us who live here today and for future generations.

Our vision is based on the fact we have just one Earth and therefore we must take care of the one we have so it will also be a good place to live for future generations. This is not in any way a unique insight; we share it with many people and organisations around the world. There is an increasing awareness that we need to act on this insight. Therefore, one of the strongest global trends today is how to work with the issues regarding sustainability. This awareness has now reached such a level that nobody can avoid these issues any more. Society expects companies and organisations to declare how they are contributing to a better and more sustainable society and if they are not considered to be doing enough, they risk attracting bad will.

Sometimes a trend is just a trend, i.e. it occurs for just a short period of time and does not change the way we live in a profound way. But sometimes trends last and do affect our lives. One way to test whether this will be a short-term trend or not, is to use the “follow the money” principle. If (big) money is invested in certain trends, you can be assured that this is for real and it will last. Today there is an increasing amount of money invested in sustainability projects, which indicates that this will be a trend that lasts. This change has not only happened because investors are following this global trend, but

also because they believe that sustainable and green investments will outperform conventional investments in the long term.

Larry Fink, CEO of Blackrock, one of the world’s largest investment management companies with approximately \$7 trillion in managed capital and therefore one of the world’s largest investors, is clear in what he believes will determine whether a company will prosper or not.

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.”

So, sustainability issues have clearly moved into the boardrooms of companies and organisations and are current key talking points.

Sustainable development goals

Therefore, many countries, organisations and companies now have clear ambitions and goals for their sustainability work. The United Nations (UN) has been clearest in this ambition with the most ambitious agenda for sustainable development ever adopted. They have defined an overall target by 2030 to eliminate poverty, reduce inequality and injustices, promote peace and solve the climate crisis, and from this overall target they have defined 17 Sustainable Development Goals (SDG).

Of course, one can discuss the realism of achieving these goals within the short timetable set and if there will be enough investment capital available to meet the need. But just the fact that the UN has addressed these issues will mean that a large part of the world will focus on this in the coming years and make their contribution to fulfil them.

Maritime industry has special challenges

The maritime industry is, of course, also influenced by this development to achieve a more sustainable environment and to contribute to the 17 goals. But besides this, the IMO has implemented requirements for the maritime industry that will radically reduce air emissions over the next 30 years and especially the target to reduce carbon dioxide emissions by half in 2050. That will be a great challenge to meet!

“We want to get in early in the decision-making process so that we can positively influence the decisions that are most important for the long-term outcome.”

The challenge lies in the fact that there are currently no obvious solutions that both meet the requirements and that are socially, operationally or financially sustainable in the long term. So, there is a great demand for technological and operational innovations to be able to solve this.

But innovations will not be enough. In order to achieve the goals, it is likely that people will need to assume that they must look at their entire operational system and implement a variety of smaller and larger innovations and improvements in order to be able to reach the target 30 years from now. To be able to do this, it will be necessary to look at the maritime system long-term and holistically when choosing a solution. This is especially important for the maritime industry, with its long investment horizon. There will not be one quick fix here; it will be more like a package of different solutions that add up to the target.

And even if it seems that 2050 is far away, time is running out. The vessels that are designed are expected to still be in operation in 2050, so they should at least theoretically be part of the plan for reduced emissions. In such a situation, it is obvious that there will be a high risk of selecting a solution that will not meet the objectives. This means a new moment is added to the risk calculation for your investments, the risk that the investment will not be sustainable or meet future requirements. Risk analysis and assessments regarding sustainable solutions will therefore have a greater importance and impact on your investment decisions than before.

SSPA's mission is right on time

We at SSPA think that the development towards a long-term sustainable society is exciting, because it is in line with how we want to work to help our customers and partners to be successful.

This is stated in our vision which is our WHY “to be recognised as the most rewarding partner for innovative and sustainable maritime development”, and our mission which is our HOW “to work towards customers who take a long-term holistic approach to their maritime systems”.

So therefore, it is very natural for us to take part in this challenge to fulfil the different sustainability objectives that the UN and other organisations have introduced and to help our customers create sustainable value. The key words for us will be to see everything in a holistic context and over the full lifetime of the investment, and from that perspective find solutions that meet customer objectives and with a high probability of succeeding.

This is a challenge that suits SSPA's attitude and competence – finding solutions that create long-term value for customers. We have extensive expertise in different areas that will be needed to



SSPA supports the Sustainable Development Goals.

understand what solutions are available and which will be the optimal and creating long-term value for customers. We will also look at the entire value chain, from design, construction, operation etc., and combine methods and innovations in new ways in order to achieve the required result.

Therefore, a large part of our development efforts in the coming years will be geared towards developing new methods and systems for a sustainable maritime society.

SSPA is a company that wants to give good advice and recommendations that will create long-term value for our customers. But to be able to do that, we want to get in early in the decision-making process so that we can positively influence the decisions that are most important for the long-term outcome. A general rule of thumb is that 80% of the consistency of a system's lifelong costs already arises during the exploration and design phase of the project. This means that once you have entered the construction phase, it is difficult to reduce the costs and environmental impact that much. Again, the holistic perspective and lifelong perspective is important to have in order to achieve optimised results.

There is a Swedish proverb that says that “right now good advice is expensive”, which is used when faced with major uncertain decisions but where time is short. SSPA wants to be the one to come up with good advice at the right time, but without being expensive. In any case,

we will be there for our customers to guide them through difficult times ahead and we will constantly develop our capability to do so, with new knowledge and methods.

Follow us into the future – it will be exciting! ●



Stefan Eliasson

President & CEO

Stefan has been President at SSPA since 2018. Before that, he was the Chairman of the Board

between 2013 and 2018. Prior to SSPA, Stefan was Managing Director of MMT Sweden for five years, a survey offshore company revealing the sea bottom for the offshore industry, and Managing Director of Transatlantic, a shipowing company listed on the Stockholm Stock Exchange. Stefan was also responsible for Transatlantic's Offshore/Breaking division for many years and worked together with SSPA to develop an ice simulator. He has also served as a Board member of the Swedish Shipowner Association and as a Board member of a ship financing company.

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