

MPC CONTAINER SHIPS

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

September 2024

Contents

About MPC Container Ships	3
Profile	3
Sustainability at MPCC.....	3
Sustainability-Linked Financing Framework.....	10
Rational for MPCC’s Sustainability-Linked Financing Framework.....	10
Sustainability-Linked Bonds.....	11
Sustainability-linked Loans	11
Selection of Key-Performance Indicators (KPI).....	12
Calibration of Sustainability Performance Target (SPT).....	13
Bond Characteristics.....	14
Reporting and Transparency.....	14
Verification	15
External Review.....	15

About MPC Container Ships

Profile

MPC Container Ships ASA (“MPCC” or “the company”) is a market-leading container ship company, owning and operating one of the largest feeder fleets globally. As of 01. September 2024, MPCC’s fleet consisted of 60 vessels, with an aggregated capacity of approximately 132,000 TEU. MPCC focuses on the ownership and operation of container vessels deployed in regional and intra-regional services. Intra-regional services support main trade lanes by connecting ports on intercontinental shipping lanes with one or more smaller ports.

The company currently employs ~40 industry professionals, and has over 1 300 seafarers engaged, all of which have contributed to MPCC becoming a leading container company. MPCC’s vessels are chartered out on time charter contracts to global liner shipping companies and regional carriers. The company has all key functions in-house and is responsible for the commercial and technical ship management (including crewing) of its vessels. To utilise the capacity and competence of specialised ship managers, performance of crewing, commercial and technical ship management services are sub-contracted to third party ship managers, but MPCC remains responsible for the performance of the services towards the ship-owning subsidiaries.

MPCC has a corporate structure which includes several majority and wholly owned subsidiaries. All vessels are legally owned and financed in subsidiary companies. This Sustainability Linked Finance Framework can be used by all the Group entities when issuing sustainability linked bonds and loans.

Sustainability at MPCC

Our commitment to ESG and sustainability is embedded in our vision for sustainable container shipping connecting the world’s ports to serve people’s needs. We aim to be seen by customers, investors, and the industry as a proactive and responsible shipowner. Corporate Social Responsibility shall be reflected in our core values, in the quality of our work and services, and in our entire range of activities. MPCC shall:

- + operate our business with integrity and respect laws, different cultures and human dignity
- + show consideration for the local communities in which we are a part of, the environment in which we operate and emphasize spin-off effects of the Company’s activities.
- + contribute to learning and distribution of knowledge
- + establish long-term working relationships and utilize the shipping sector’s expertise for the further development of the industry
- + meet public authorities and customers with insight, respect and understanding and in an open and appropriate manner and treat suppliers impartially and justly
- + adopt a long-term perspective in our business strategy and decision making, that is taking economic and ecological aspects equally into account; and
- + reduce our negative and increase our positive impact on our ecological footprint and in consequence contribute to the preservation of the environment in which we operate.

ESG Strategy

Our strategic priorities serve as a framework for sustainable operations and improving our ESG performance. The development of our ESG strategy is based on a comprehensive review of our material topics¹, identified through a CSRD-compliant double materiality assessment conducted in 2023.

The strategic framework is based on our commitment to reduce our negative and enhance our positive impact on climate and the environment, our people and the society we operate in. It provides a strong foundation from which we can achieve our ESG ambitions. We believe that it's imperative to ensure the highest standards of compliance and transparency to reach our ambitions. These commitments make up the pillars of our strategic work and guide the way we conduct our business and improve our performance. We have chosen two primary ambitions related to the material topics of GHG emissions and safety, health and well-being, as strategic priorities for the Company.

1. Environment: Achieving Net Zero by 2050.

We are committed to significantly reducing our carbon footprint, with a target to reduce GHG emissions intensity by 35.5% by 2030 from a 2022 baseline and to net-zero by 2050, in line with the IMO carbon intensity trajectory. These ambitious targets will guide our decisions and investments, ensuring that we contribute positively to global environmental efforts.²

2. Social: Extending our Strong Culture for Safety and Well-being.

The safety and well-being of our employees and crews aboard our vessels are paramount. We aim to extend and deepen our safety culture, reinforcing safe practices in every aspect of our operations. This extends from onshore offices to the decks of our ships, ensuring that safety is ingrained in our company's DNA. Furthermore, we will continue to invest in understanding, and adding solutions to enhance, crew well-being aboard our vessels.

SDG	Ambition	Target	2021 Performance	2022 Performance	2023 Performance
07, 13	Reduce MPCC Well-to-Wake GHG Emissions Intensity	Reduce MPCC Well-to-Wake GHG Emissions Intensity by 35,5 % by 2030 compared to 2022	N/A	14,63 ³	13,71 ⁴
08, 05, 10	Extending the safety Culture	LTIR not to exceed 0,3	1,17	0,14	0,05
		Zero Serious Injuries	1	0	0

Further details on our strategy can be found in our annual 2023 [ESG report](#).

¹ In 2023 we updated our materiality assessment to incorporate the principle of double materiality. This transition enabled us to begin identifying, assessing, and reporting on the topics where our business has an impact on the environment and society, and on material sustainability factors that affect MPCC's ability to create financial value over time. More detail on the process can be found in our [2023 annual sustainability report](#).

² Please see section "MPC Container Ships Decarbonization Pathway" for baseline and calculation details.

³ Based on GLEC Framework Version 2.0

⁴ Based on GLEC Framework Version 2.0

ESG Management

The Company is managed through its executive bodies, the General Meeting, the Board of Directors (the Board) and the Executive Management, with overall responsibility for governance of ESG matters sitting with the Board. The Board has delegated responsibility and authority to MPCC's Risk, Audit and Sustainability Committee, to act as a preparatory and advisory body for the Board in the exercise of its responsibility for the handling of ESG matters. In this role the Risk, Audit and Sustainability Committee defines the Company's ESG Strategy, including setting its goals, targets and action plans. The CEO executes the Board's desired approach and decisions regarding ESG matters and informs the Board on progress at its quarterly meetings.

To reduce ESG risks in our operations and onboard our ships MPCC requires that its third-party technical managers are certified according to quality and environmental management systems, such as ISO 9001:2015 and ISO 14001:2015. Third-party crewing agencies ensure the employment of seafarers in accordance with the International Safety Management (ISM) Code 1 and SOLAS 2, STCW 3 and the 2006 Maritime Labor Convention.

Our approach to managing ESG is embedded in our policies, frameworks and processes which help us analyse and manage risks in our daily operations. All ESG related policies are publicly available on [our website](#). Our suppliers and service providers are required to adhere to our [Business Partner Guideline](#) - a document which sets out our service standards and expectations, including ESG-related matters. Furthermore, we perform business partner checks, including sanctions and bad press screenings, on counterparties of strategic, financial or reputational importance.

In 2021, we strengthened our ESG management efforts by implementing our data reporting into "Position Green Data Management Solution" - a digital platform to structure and manage all relevant ESG data. This enhanced the accuracy and accessibility of data, and it improved our ability to manage and monitor the status of our ESG-targets accomplishment. In addition, the platform allows us to have data-driven discussions on ESG at any time and to optimise our operations based on the most recent data.

MPC Container Ships' governing documents on ESG

- + Corporate Social Responsibility Statement
- + Business Partner Guideline
- + Anti-Corruption Policy
- + Anti-Fraud Policy
- + Antitrust Policy
- + Cyber Security Policy
- + Environmental Policy
- + Health and Safety Policy
- + Human Capital Policy
- + Human Rights Policy
- + Ship Recycling Policy
- + Sustainability Policy
- + Sustainable Procurement Policy

Decarbonisation of the shipping industry

Combating greenhouse gas emissions is a major challenge facing the global shipping industry. Today, shipping is responsible for around 2,9% of global GHG emissions, however this is expected to increase to around 17% by 2050 if current trends continue. As global economy and global trade will rely on container shipping for the foreseeable future, we recognize the need for more energy-efficient and environmentally friendly vessel operations.

In 2023 the International Maritime Organization (IMO) updated its targets to achieve net-zero emissions by around 2050, with an interim checkpoint-target to reduce carbon intensity by 40% by 2030. The IMO has thereby aligned its international GHG reduction strategy with the temperature goals of the Paris Agreement. To meet these targets, the shipping industry is encouraged to incorporate technologies and fuels that result in zero or near-zero greenhouse gas (GHG) emissions, aiming for these to constitute at least 5%, and ideally 10%, of the energy used in international shipping by 2030. Efforts already underway include implementing short-term measures, which will be revised until 2026.

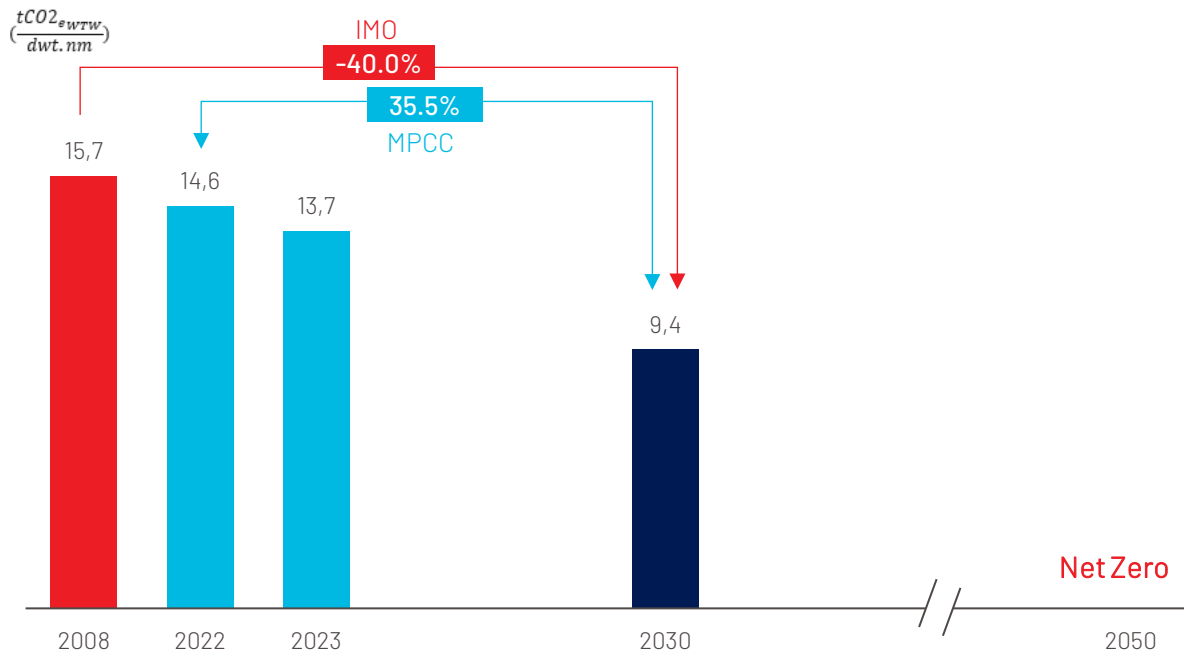
To account for these developments, MPCC has established a decarbonization pathway aligned with the 2023 IMO Strategy on Reduction of GHG emissions which follows a well-below 2 degrees pathway in line with the Paris Agreement. We view our current effort as an incremental step towards enhancing our decarbonization roadmap with realistic but necessary year-on-year targets.

MPC Container Ships Decarbonization Pathway

MPCC's Well-to-Wake GHG Emission Intensity Trajectory is based on the calculation methodology and the GHG emission factors published in the Global Logistics Emissions Council (GLEC) Framework Version 2.0 and the International Maritime Organization. The GLEC Framework version 2.0 has provided the principles upon which ISO 14083 has been based, which will serve as a formally recognized global standard for calculating GHG emissions from transport chains (including logistics and freight).

MPCC targets Well-to-Wake GHG emissions intensity reduction of 35.5% by 2030 from a 2022 baseline is aligning with the IMO trajectory of 40% reduction by 2030 from a 2008 baseline.

MPCC's well-to-Wake GHG Emissions Intensity Trajectory



The baseline of 2008 GHG emissions intensity has been retrieved from container shipping intensity emissions stated in the 4th IMO study from which a 1.21 ratio has been applied to adjust the value to WTW emissions following an article from the ICCT (July 2023). The 2030 GHG emissions reduction intensity target for MPC Containership is based on the 2023 IMO GHG strategy which states a 40% intensity reduction based on 2008 levels of container shipping.

MPCC's Sustainability Report 2023 refers to the GLEC Framework Version 2.0 for calculating GHG emissions from transport chains.

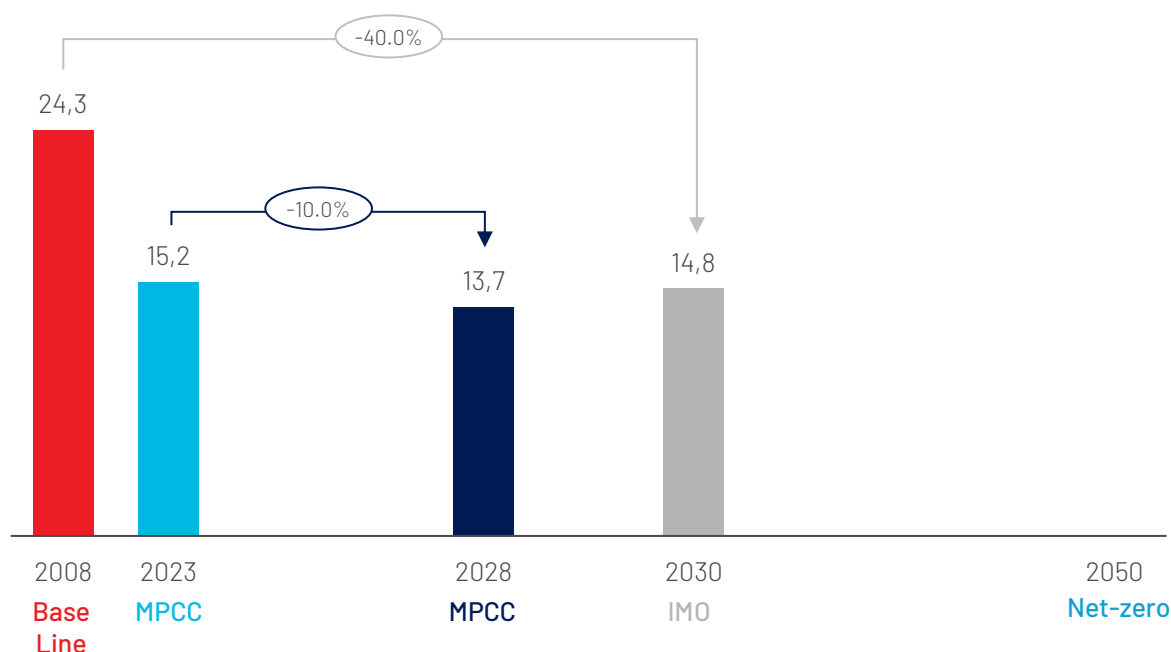
In June 2023 GLEC published and updated Framework version 3.0 as a comprehensive methodology for calculating greenhouse gas (GHG) emissions across multimodal transport chains. With the updated Framework version 3.0 GLEC provides standardized guidelines to harmonize the measurement and reporting of emissions for freight and logistics activities. It aligns with international protocols, such as the Greenhouse Gas Protocol and the UNFCCC standards, and covers all transport modes, including road, rail, sea, and air. Version 3.0 enhances accuracy by incorporating recent advances in data collection, emission factors, and technological developments, such as electrification and alternative fuels. It also includes improvements to lifecycle assessments, providing a more holistic view of emissions from "well-to-wake" covering both direct and indirect emissions.

In summer 2024 MPCC decided to adopt the GLEC Framework version 3.0. to ensure transparency, comparability, and consistency in the company's reporting according to the latest standards. ABS was mandated to recalculate MPCC's and IMO's Well-to-Wake GHG Emissions Intensity baseline of 2008 as well as the 2023 Well-to-Wake AER performance.

During the recalculation ABS determined that the regressed 2008 MPCC Fleet Well-to-Wake AER was 24.28 grams CO₂e per tonne-mile. To meet the IMO's interim checkpoint-target of reducing carbon intensity by 40% by 2030, this would need to be reduced to 14.57 grams CO₂e per tonne-mile by 2030.

For 2023, ABS calculated the MPCC Fleet Well-to-Wake AER at 15.18 grams of CO₂e per tonne-mile. A further 10% reduction from this value, as aimed by this sustainability-linked financing framework, would set a 2028 Sustainable Performance Target (SPT) of 13.7 grams of CO₂e per tonne-mile. Achieving this would mean a 43.7% overall reduction compared to 2008 levels, surpassing the IMO GHG Intensity Target for 2030 already at the end of 2028.

MPCC's Well-to-Wake GHG Emissions Intensity Trajectory (GLEC V.3)



The findings and results, as well as the implications on the baseline and the company-specific climate targets, will be explained and implemented as part of the 2024 Corporate Sustainability Report of MPC Container Ship ASA.

Investing in Low Emission Vessels

To reach the above targets MPCC recognizes the urgent need for more energy-efficient and environmentally friendly vessel operations. To maintain an attractive and competitive fleet, we continuously review and evaluate feasible modernizations, retrofit possibilities, and investment opportunities with our charterers.

- + MPCC initiated retrofit programs in 2023 that will extend into 2025 with a total investment of USD ~25 million, of which several will be undertaken jointly with our customers. The retrofits will include installations of Energy Efficiency Technologies, such as Variable Frequency Drives, Autopilot upgrades, M/E & A/E preheating, C/JC oil filtration solutions, A/E waste heat recovery, LED lights, and hydrodynamic measures, such as pre swirl stators, propeller, propeller boss cap fins and new bulbous bows. Up to 2024 thirteen vessels have been retrofitted.
- + In 2023 and 2024 the company sold 18 older and less efficient vessels and acquired nine more efficient second-hand vessels.
- + MPCC expects delivery of five newbuild vessels in 2024-2026.

Commercially viable low carbon alternative fuel solutions for deep-sea vessels are under development. A

tremendous amount of work has been and is being channelled into developing and testing mid- and long-term sustainable solutions. At MPCC, we will be actively involved in the development of green technologies for the container shipping industry and support the work of industry-wide initiatives, including being an ambassador and project partner to the renowned Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (MMMCZCS) membership of the Getting to Zero Coalition and Clean Shipping Alliance.

Zero and Low-Carbon Fuel Solutions

Reducing the costs of zero and low-carbon fuel solutions requires new forms of cross-supply-chain collaboration and active coordination between different stakeholders from the whole maritime ecosystem. Green shipping corridors help to achieve this by establishing favourable conditions for decarbonization on specific trade routes - where technological, economic, and regulatory feasibility of operating zero-emissions ships is catalysed through public and private actions.

At MPCC, we actively support the work of such initiatives, not only through our fleet renewal program and partnership with MMMCZCS and the Silk Alliance, but also by investing in promising alternative fuel producers. MPCC signed the industry's first offtake agreement for synthetic marine diesel oil (MDO) with the German-based clean tech Company INERATEC. The synthetic MDO is made from biogenic CO₂ and renewable hydrogen and can be used both in conventional combustion engines on our existing vessels and as a pilot fuel for our methanol powered newbuildings. The delivery from INERATEC is set to start in the first quarter of 2025.

Climate risk

Climate change poses risks to our business. These include the risks and opportunities from the transition to a lower-carbon economy and to the physical impacts of climate change. MPCC has done a climate risk review in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). A summary of the review's findings is presented below. Further details can be found in our 2023 Sustainability Report which is available on our website.

Governance

Climate-related risks and opportunities are regularly reviewed by the Board of Directors as part of its overall responsibility for risk governance. The Board receives updates on climate risk, emerging regulations, developments in the company's performance on the decarbonization strategy, emissions reduction trajectories and technological developments.

Strategy

MPC Container Ships has undertaken a climate risk review and decarbonization trajectory analysis to understand how climate risks and opportunities are likely to impact the business, its strategy, and financial planning. Using information from these sources and its ongoing monitoring of GHG emission performance across the fleet, MPC Container Ships believes it is well positioned to absorb, mitigate or adapt to climate-related risks, and in some cases may exploit available opportunities.

Risk management

Climate risk identification is incorporated into our general risk management and internal control system. Our Risk & Audit Committee serves as an advisory body for the Board, with subunits providing updates on potential risks. The financial impacts of climate-related risks to our business are categorized and prioritized using a risk heat map, based on probability of occurrence and net monetary impact of each risk.

Targets and metrics

We measure our total GHG emissions (Scope 1, 2 and 3) in CO₂ equivalents. We apply the IMO Carbon Intensity Indicator (CII) and report our Annual Efficiency Ratio (AER) measured as grams of CO₂ per deadweight ton-nautical mile on a Well-to-Wake basis. To benchmark and monitor our CII and AER performance we implemented a solution developed by the German-based software company "ZERO44".

MPCC and the EU Taxonomy

The classification system of the EU Taxonomy provides companies, investors, and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. The purpose is to prevent greenwashing and to scale up sustainable investments to meet the objectives of the European Green Deal. The taxonomy regulation states that an activity must make a substantial contribution to at least one of the six environmental objectives set out by the EU, as well as Do No Significant Harm (DNSH) towards the other five objectives. The activity must also meet minimum safeguards with regards to human and labor rights, anti-corruption, tax and fair competition. The EU Taxonomy was approved by the Norwegian Government in December 2021 and entered into force in January 2023.

MPC Container Ships is not yet obliged to report under the EU Taxonomy regulation. However, MPCC carried out a voluntary assessment of all business activities with the assistance of the sustainability advisory firm Position Green. The outcome of the assessment is used as a catalyst for our efforts to develop relevant management processes and document performance in accordance with the criteria laid out in EU taxonomy. MPCC will also use taxonomy to inform strategy development and future investment decisions.

- + The assessment found that 100% of MPCC economic activities are deemed eligible under activity “6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities” and “6.12 Retrofitting of sea and coastal freight and passenger transport”. Eligible activities are activities that are covered by the taxonomy, irrespective of whether these activities meet any or all of the alignment screening criteria. The compliance of each vessel in the current fleet with the substantial contribution criteria needs to be assessed on a vessel-individual basis. MPCC’s five newbuildings are assessed to meet the substantial contribution criteria. The vessel constructions include two 1,300 TEU Geared Containers with Methanol Dual Fuel engines (also referred to as Greenboxes). The ships are being built at Taizhou Sanfu Ship Engineering in China. A third Methanol Dual Fuel vessel will be built at Huangpu Wenchong Shipbuilding yard and will be delivered on 31.12.2026. Two 5.500 TEU methanol-ready container vessels were delivered in May and July 2024

MPCC will continue working to ensure alignment with the further EU Taxonomy criteria, including the DNSH and minimum safeguard criteria.

Sustainability-Linked Financing Framework

As part of our commitment to sustainability, MPCC has designed this Sustainability-Linked Financing Framework. The framework has been established to support the issuance of a variety of sustainable financing instruments, including bonds, loans and any other type of financial instrument. The following section outlines MPCC's Sustainability Financing Framework ("Framework"), which aim to mobilize financing to support MPCC's contribution to increase sustainability in the shipping industry.

The Framework is developed to align with the International Capital Market Associations (ICMA) Sustainability-Linked Bond Principles (SLBP) published in 2020, and the Loan Markets Association's (LMA) Sustainability-Linked Loan Principles (SLLP) 2019 and defines the investments eligible for financing as Sustainability-Linked Financing instruments issued by MPCC.

Rational for MPCC's Sustainability-Linked Financing Framework

MPC Container Ships ASA (MPCC) is committed to leading the way towards a sustainable and environmentally responsible shipping industry. MPCC recognizes the impact that container shipping has on global greenhouse gas (GHG) emissions and is dedicated to reducing its environmental footprint while maintaining economic viability. As part of this commitment, MPCC has designed both a Green Finance Framework and is now expanding its financial strategy to include Sustainability-Linked Bonds (SLBs) and Sustainability-Linked Loans (SLLs). These financial instruments will not only support MPCC's ambitious environmental sustainability and decarbonization targets but will also ensure transparency and accountability to investors and stakeholders.

Aligning Financial Instruments with Sustainability Goals

MPCC's decision to issue Sustainability-Linked Bonds and Sustainability-Linked Loans is driven by the company's long-term sustainability goals and its focus on reducing its carbon intensity, increasing energy efficiency, and promoting the use of low- and zero-carbon fuels across its fleet. With the target to achieve net-zero emissions by 2050 and an interim goal to reduce GHG emissions intensity by 35.5% by 2030 (from a 2022 baseline)⁵, these bonds and loans will link financials directly to MPCC's sustainability performance.

Supporting the Decarbonization of the Shipping Industry

The shipping industry is responsible for approximately 2.9% of global GHG emissions, with a projected increase if current practices persist. MPCC acknowledges its responsibility in contributing to the global effort to mitigate climate change. In line with the International Maritime Organization's (IMO) updated GHG reduction strategy, MPCC aims to achieve significant reductions in its carbon intensity and considers these bonds as key enablers of this transition.

By issuing Sustainability-Linked Bonds (SLBs) and Sustainability-Linked Loans (SLLs), MPCC is not only aligning with international decarbonization goals but also actively contributing to the creation of a more energy-efficient and environmentally friendly shipping sector. These bonds and loans will enable MPCC to fund and accelerate investments in sustainable technologies and practices, which are necessary for meeting both near-term and long-term sustainability targets.

⁵ As per our 2023 Annual Sustainability Report, which will be amended according to new GLEC Framework Version 3.0

Enhancing Investor Confidence and ESG Integration

MPCC's commitment to transparent reporting, rigorous ESG standards, and strong corporate governance makes it a reliable partner for investors seeking sustainable investment opportunities. By linking its financial instruments to sustainability outcomes, MPCC reinforces its alignment with the growing demand for responsible investments. The issuance of SLBs and SLLs allows MPCC to demonstrate its leadership in integrating sustainability into its business strategy while offering investors a unique opportunity to participate in the company's decarbonization journey.

Addressing Climate Risks and Opportunities

Climate change poses both risks and opportunities for MPCC. On the one hand, the company faces regulatory, physical, and market risks associated with transitioning to a low-carbon economy. On the other hand, MPCC sees an opportunity to innovate and differentiate itself through investments in sustainable shipping technologies and practices. Issuing Sustainability-Linked Bonds and Sustainability-Linked Loans provides MPCC with the financial resources necessary to mitigate climate-related risks and capitalize on opportunities. This financial strategy will support MPCC's investments in:

- + Zero- and low-carbon vessels: SLBs and SLLs will help finance the acquisition or newbuilding of vessels that are powered by alternative fuels like green methanol and hydrogen, significantly reducing the company's reliance on fossil fuels.
- + Fleet renewal: Acquisition of modern (eco-)tonnage to increase the fleets overall efficiency
- + Energy efficiency technologies: Retrofitting existing vessels with energy-saving technologies and implementing fuel consumption reduction strategies will be a priority.
- + R&D and innovation: Continued investment in the development of next-generation fuels and shipping technologies is essential for MPCC to stay competitive and meet future environmental regulations.

Commitment to Transparency and Accountability

MPCC is dedicated to ensuring that the proceeds from its SLBs and SLLs are used effectively and responsibly. To maintain investor confidence and promote transparency, MPCC will publish annual reports detailing the achievement of sustainability targets. These reports will be independently verified by external reviewers, ensuring that MPCC's financial activities are aligned with its sustainability commitments within the SLBs and SLLs. Through these SLBs and SLLs, MPCC aims to build trust with its investors, demonstrating that sustainability is at the core of its business strategy.

Sustainability-Linked Bonds

Sustainability-Linked Bonds (SLBs): SLBs will tie MPCC's financial obligations to the achievement of predefined sustainability targets, particularly those focused on reducing GHG emissions and improving energy efficiency. SLBs offer flexibility in the use of proceeds, which may be used for broader corporate purposes while holding MPCC accountable to its sustainability goals.

Sustainability-linked Loans

Sustainability-Linked Loans (SLLs): SLLs will provide MPCC with a flexible financing option where loan terms are directly linked to the achievement of predefined sustainability performance targets (SPTs). These loans will incentivize MPCC to meet its SPTs by offering more favourable loan terms, such as lower interest rates, when targets are met. SLLs are not restricted in their use of proceeds, allowing MPCC to allocate funds across a broader range of corporate initiatives, while remaining accountable to its sustainability commitments and ensuring ongoing progress toward its environmental objectives.

Selection of Key-Performance Indicators (KPI)

The selection of an appropriate Key Performance Indicator (KPI) is a critical element of MPCC's Sustainability-Linked Finance Framework. This KPI is carefully chosen to reflect the company's most material sustainability objective and to ensure that progress towards this goal can be measured in a clear, transparent, and quantifiable manner.

In alignment with industry best practices and MPCC's overarching sustainability strategy, the KPI is designed to track the company's efforts to reduce its carbon footprint, enhance energy efficiency, and implement sustainable practices across its operations. The chosen KPI will act as the cornerstone for assessing MPCC's sustainability performance and is intimately connected to the financial conditions of the sustainability-linked instruments.

By focusing on a measurable and verifiable outcome, MPCC ensures that its sustainability commitments are not only ambitious but also aligned with the global effort to decarbonize the shipping industry and contribute to the achievement of international climate goals, including the targets set by the International Maritime Organization (IMO) and the Paris Agreement.

KPI	Fleet average Annual Efficiency Ratio (AER) on a Well-to-Wake basis (according to GLEC Framework Version 3.0.)
Definition / Background	<p>AER is a metric used to measure the carbon efficiency of a vessel or an entire fleet. It is calculated as the amount of CO₂ emissions per transport work. Typically, it is expressed in grams of CO₂ per deadweight ton-mile (gCO₂/dwt-nm).</p> <p>As part of its sustainability strategy, MPCC has adopted the fleet-average AER on a well-to-wake basis as a key performance indicator. This metric allows MPCC to track the reduction in carbon intensity across its entire fleet, ensuring alignment with the goals and targets set out in the 2023 IMO GHG Strategy.</p>
Metrics	$AER = \frac{\sum_i C_i}{\sum_i dwt D_i}$ <p>Where C_i is the fleet Well-to-Wake emissions, dwt is the fleet design deadweight, and D_i is the fleet distance travelled.</p>
Perimeter	<p>MPCC applies the AER KPI across all vessels in its fleet, regardless of their operational area or the flag they carry.</p> <p>The IMO has established a specific area of application for AER, covering all ships over 5,000 gross tons. This applies to both international and domestic shipping fleets.</p>
Rationale	AER provides a standardized way to assess the environmental, carbon intensity performance of ships by linking emissions directly to the transport work, allowing for comparable and accurate emissions management and tracking toward decarbonization goals.
Reporting periodicity and review	The fleet average AER on a well-to-wake basis will be calculated and reported annually for the fleet to enable an annual review of the progress. The data required for the calculation will be monitored and reported by each ship of the MPCC fleet, for which the processes are aligned with the obligations of the IMO's Data Collection System (DCS) regulation. The fleet-wide AER will be calculated as the average of all vessel-specific AERs comprising the MPCC's fleet. The collected data covers the tank-to-wake perspective. ABS as an independent verifier will calculate the well-to-wake carbon intensity using the tank-to-wake information provided by MPCC.
Contribution to SDG	Contributes to Sustainable Development Goal 13 (Climate Action) by helping to mitigate shipping's contribution to global CO ₂ emissions.

Calibration of Sustainability Performance Target (SPT)

The calibration of Sustainability Performance Target (SPT) is a key process that defines the ambition of MPCC's sustainability-linked financing instruments. The SPTs are designed to ensure meaningful progress towards MPCC's long-term sustainability goals, particularly in reducing its carbon intensity and aligning with global decarbonization efforts.

For MPCC, the primary SPT focuses on achieving a 10% reduction in the fleet's average well-to-wake AER over the whole period of the Sustainability-Linked Bond (SLB)(five years from settlement date), using 2023 as the baseline year. The AER of 15,18 in the baseline year has been validated by the American Bureau of Shipping (ABS) in 2024. The company aims to meet this target by end of 2028, with an indicative annual reduction trajectory of 2% per year from 2024 to end of 2028, which shall be understood as an explanatory trajectory and not as a SPT itself.

This ambitious target will be achieved through a combination of fleet retrofitting projects and the uptake of low-carbon fuels. These measures will not only improve the energy efficiency of MPCC's operations but also contribute to its broader commitment to decarbonization and environmental sustainability.

Sustainability Performance Target	A total fleet average well-to-wake AER reduction of 10% over the period of the SLB.				
Benchmark	ABS validated in September 2024 MPCCs baseline figure and reduction targets of Well-to-Wake AER				
Target Year	2028				
Baseline Year	2023				
Baseline Figure (fleet average well-to-wake AER)	15,18				
Indicative Trajectory	2024	2025	2026	2027	2028
	-2%	-2%	-2%	-2%	-2%

Measures to achieve the SPT

Improvement of the vessels efficiency by installing:

- + Efficiency Enhancing technologies like Waste Heat Recovery Systems, CJC filters, VFD for pumps, M/E control and autopilot upgrades and LED lights
- + Hydrodynamic improvements like Pre-Swirl stators, new propellers and Boss Cap fins, new Bulbous bows
- + Applying Silicon paint to reduce hull resistance

Fleet renewal:
Our newbuilds will join the fleet by end of 2024, early 2025 reducing the fleets overall AER.
Effects from fleet renewal done in 2023 will materialize in the following years.

Fuel Uptake:

- + Charterers will operate the DF Methanol vessels partly on Methanol with lower well-to-wake GHG footprint
- + There will be an increased usage of biofuels by our charterers

In alignment with the 2023 IMO Strategy on the Reduction of GHG Emissions from Ships, American Bureau of Shipping (ABS) conducted an extensive benchmarking study for MPC Container Ships ASA, evaluating the fleet’s carbon intensity and efficiency. This certification process involved a comprehensive analysis of all voyages performed during 2023, considering the technical and operational improvements implemented over the period from 1st January 2008 to 31st December 2023. The study focused on the fleet’s **Annual Efficiency Ratio (AER)**, which measures carbon intensity in grams of CO₂ per tonne-mile. ABS confirmed that by the end of 2023, MPCC had achieved an average fleet-wide AER of **15,18 grams CO₂ per tonne-mile**. This certification by ABS validates MPCC’s strong commitment to improving fleet efficiency and reducing its environmental impact, further reinforcing its alignment with the global decarbonization objectives set forth by the IMO.

Bond Characteristics

Our Sustainability-Linked Bond contains the characteristics of a conventional bond but with a penalty provision attached. Should MPC Container Ship fail to meet the SPT by the Target Observation Date, the principal repayment upon maturity will increase by 0.50 % (i.e. 100.50).

For the avoidance of doubt, for the bond characteristics to remain unchanged, MPCC must (i) reach the applicable SPT at the Target Observation Date, and (ii) provide and make public the relevant reporting and verification (as per the reporting section of this Framework).

The verification of SPT achievement will take within the first six months of 2029. The mismatch between bond settlement date (October 2024) and bond maturity date (October 2029) versus the observed period (December 2023 until December 2028) is due to the regulatory reporting and verification requirements under IMO DCS regulation.

Reporting and Transparency

Each year, the KPI performance will be documented in MPCC’s corporate sustainability report, the combined non-financial declaration or comparable reports.

Furthermore, independent of the corporate sustainability report, MPCC will engage ABS as an external verifier to ensure the accuracy and validity of KPI performance data and SPT achievements. Each year, ABS will deliver an impartial report on the attainment of SPT.

The reporting will include the following information:

Information	Details
Performance of KPI	As per the relevant reporting period and Target Date, including calculation methodology and baselines where relevant
Verification Statement	Outlining the performance of the KPI against the SPTs
Update in Sustainability Strategy	Any recent announcements, strategic decisions, and means that might impact the achievement of the SPT(s)
Explanation of KPI Evolution	Qualitatively or quantitatively explaining the contribution of the main factors behind the evolution of the performance/KPI
Positive Sustainability Impacts	Illustration of the positive sustainability impacts of the performance improvement, when possible
Re-assessments of KPI	Any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of KPI, when relevant

Verification

MPCC has enlisted ABS to deliver an independent Second Party Opinion report (SPO) assessing this Framework's alignment with the SLBP. The SPO will be accessible on MPCC's corporate website. Each year, KPI performance will be featured in the corporate responsibility report, combined non-financial declaration or an equivalent document. MPCC will provide ABS with the mandate to independently verify the KPI performance data and achievements on the SPTs.

External Review

Second party opinion

To ensure alignment with the Sustainability-Linked Bond and Sustainability-Linked Loan Principles, MPCC has engaged ABS to act as an external verifier of this Sustainability-Linked Financing Framework. The second party opinion will be published on MPCC's website.

Publicly available documents

The Sustainability-Linked Financing Framework and the second party opinion will be publicly available on MPCC's website, together with the Annual Sustainability-Linked Financing Report once published.



MPC Container ships ASA

Ruseløkkveien 34, 0251 Oslo

PO Box 1251 vika

NO-0111 Oslo, Norway

Registered enterprise no. 918 494 316

www.mpc-container.com