

8 September 2023

To whom it may concern.

The impact of the EU Emissions Trading System (ETS) on shipping companies from 2024 onwards

What is the EU ETS and what it means

EU Parliament has decreed that from 2024 onwards shipping companies will be part of the Emission Trading System, ETS. The system is part of the "fit for 55" which aims to tackle climate change by reducing the greenhouse gas (GHG) emissions by at least 55% by 2030 (compared to 1990 levels) with the long-term goal of zero emissions by 2050. Under the scheme the companies will have to pay for annual allowances for GHG emissions.

The ETS covers all emissions on voyages between EU ports and 50% of emissions on voyages between an EU port and a non-EU port. Of Finnlines' routes, the only 50% line is to the UK, and the UK is in the process of developing its own similar system. Provided that the so-called island exemption will be applied in the Finnish national legislation, the emissions from voyages between Åland and Finnish mainland will be exempted from the ETS.

Phasing of the EU ETS

Finnlines activities fall under the EU ETS regulation and as from 2024 we will have to contribute for the emissions of our ships as a condition to continue the services.

The EU allowance implementation will be phased in gradually. The shipping companies will be charged progressively for their actual emissions. Charges will apply to

1. 40% of the emissions in 2024
2. 70% of the emissions in 2025
3. 100% of the emissions in 2026

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What this means for our customers

The costs of complying with the EU ETS will affect our operations and costs. As with similar regulatory costs in the past Finnlines will endeavour to reduce the impact on our customers. Nevertheless, we will have to apply an EU ETS surcharge from 1 January 2024. Details will follow as soon as possible.

Read more:

<https://www.finnlines.com/ets/>

https://climate.ec.europa.eu/eu-action/transport/reducing-emissions-shipping-sector_en

We remain at your service for all further information.

With kind regards,

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As Agent for Finnlines Plc

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