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24.12.2021

Konu : Poseidon Prensipleri Yıllık Açıklama Raporu Hk.

Sirküler No: 1307

Sayın Üyemiz,

Uluslararası Deniz Ticaret Odası (International Chamber of Shipping-ICS) tarafından gönderilen 22 Aralık 2021 tarihli Ek'te sunulan yazıda, Poseidon Prensipleri girişimi için değerlendirme kriterlerinin bir parçası olarak "Poseidon Prensipleri Yıllık Açıklama Raporu"nun yayınlandığı belirtilmektedir.

Bahse konu yazıda, Poseidon Prensipleri girişimini imzalayan 29 bankanın 23 tanesi tarafından müşterilerinden toplanan emisyon verilerini detaylandıran ve bu verilerin yanı sıra 2020 yılına ait portföy bilgilerini içeren, aynı zamanda 2020 yılı dekarbonizasyon eğrilerinin karşılaştırıldığı Açıklama Raporu'nun, kredi verme biçimleri değerlendirilen 11 finans kuruluşunun gemi finansmanı portföylerinin Uluslararası Denizcilik Örgütü'nün (International Maritime Organization-IMO) Sera Gazı Başlangıç Stratejisi ile uyumlu olduğunu gösterdiği ifade edilmektedir.

Poseidon Prensipleri Yıllık Açıklama Raporu, bu rapor ile ilgili bilgileri içeren ICS'in yazısı ve Türkçe tercümesi Ek'te sunulmaktadır.

Bilgilerinize arz/rica ederim.

Saygılarımla,

*e-imza*İsmet SALİHOĞLU
Genel Sekreter**Ek:**

- 1- ICS'in Yazısının Türkçe Tercümesi (1 sayfa)
- 2- ICS'in 22.12.2021 Tarihli Yazısı (2 sayfa)
- 3- Poseidon Prensipleri Yıllık Raporu-2021 (54 sayfa)

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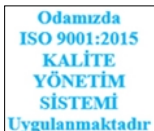




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POSEIDON PRENSİPLERİ YILLIK AÇIKLAMA RAPORU-2021 YAYINLANDI Ek-1

Poseidon Prensipleri girişimini imzalayan 23 bankanın müşterilerinden toplanan emisyon verilerini ve 2020 yılına ait portföy bilgilerini detaylandıran “Poseidon Prensipleri Yıllık Açıklama Raporu 2021” yayınlanmıştır. Bu veriler, aynı yıl için dekarbonizasyon eğrileriyle karşılaştırılmıştır.

Bahse konu rapor, kredi verme biçimleri değerlendirilen 23 bankadan 11 finans kuruluşunun gemi finansmanı portföylerinin Uluslararası Denizcilik Örgütü’nün (International Maritime Organization-IMO) dekarbonizasyon hedefleriyle uyumlu olduğunu belirtmektedir. 2020 yılında değerlendirilen 15 kuruluş tarafından bildirilen %20 oranındaki uyumun artarak %48 oranına ulaşmıştır. Ayrıca rapor, finansal kuruluşların iklim değerlendirmelerinden temel sonuçlar hakkında ilave yorumları ve gelecekte ticari faaliyetlerini ve karar alma süreçlerini nasıl bilgilendireceğine dair çıktıları içermektedir.

COVID-19’un Poseidon Raporlaması Üzerindeki Etkisi

Poseidon Prensipleri Yıllık Açıklama Raporu, Poseidon Prensipleri’ni imzalayan bazı bankalar için iklim uyum sonuçlarının bankadaki bozulmasının, gemilere yönelik yatırım tipinden etkilendiğini belirtmektedir. Özellikle, pandemiden dolayı kruvaziyer ve yolcu gemilerinin kısa sürede hizmete geri dönebilecek şekilde boşta bekletilmesi (hot lay-up), herhangi bir geminin sefere çıkmadan CO₂ emisyonu salınımına neden olarak gemi finansman portföylerindeki hesaplanan CO₂ emisyonlarının bozulmasına ve IMO hedefleriyle uyumsuz görünmesine sebebiyet vermiştir. Poseidon Prensipleri girişimini imzalayan “BPIFrance” kuruluşunun Genel Müdürü Sayın Francois LEFEBVRE;

“Yolcu gemileri için metodoloji, COVID-19’un kruvaziyer sektörü üzerindeki etkisiyle birleştiğinde, iklim uyum puanımızı önemli ölçüde etkiledi. Deniz taşımacılığı portföyümüzün mutlak CO₂ emisyonlarının %50’nin üzerinde azaldığını göz önünde bulundurursak, puanımızdaki değişikliğin portföyümüzün çevre üzerindeki fiili etkisindeki değişikliği temsil etmediğini düşünüyoruz.” açıklamasında bulunmuştur.

Denizcilik sektörünün iklim uyumunu değerlendirmek için Poseidon Prensipleri tarafından kullanılan teknik ölçülerle ilgili çekinceler doğrultusunda, IMO’nun gemi verimliliğini değerlendirmek için kullandığı Karbon Yoğunluğu Göstergeleri (Carbon Intensity Indicator-CII) Referans Eğrileri metodolojisine tam uyumu savunan bir politika özeti belgesinin ICS tarafından hazırlandığı hatırlatılmaktadır.

ICS’in, kullanılan teknik ölçülerle ilgili çekinceleri değerlendirmek için Poseidon Prensiplerinin ilgili paydaşlarıyla temas kurmaya devam edeceği ve bu hususları görüşmek üzere 12 Ocak 2022 tarihinde “Deniz Sigortacıları İçin Poseidon Prensipleri” temsilcileriyle bir araya geleceği belirtilmektedir.

This Circular and its attachments (if any) are confidential to the intended recipient and may be privileged. If you are not the intended recipient, you should contact ICS and must not make any use of it.

22 December 2021

SPC(21)41&MC(21)111

TO: SHIPPING POLICY COMMITTEE

**COPY: MARINE COMMITTEE
ENVIRONMENT SUB-COMMITTEE
ALL FULL AND ASSOCIATE MEMBERS (For Information)**

POSEIDON PRINCIPLES ANNUAL DISCLOSURE REPORT 2021 RELEASED

Action Required: To note the release of the Poseidon Principles Annual Disclosure Report 2021 (attached at [Annex A](#)), published as part of the assessment criteria for the Poseidon Principles initiative. The Disclosure Report, which details emissions data collected from clients of 23 of the Principles' 29 signatory banks, concludes that ship finance portfolios of 11 financial institutions assessed are aligned with the IMO's initial GHG strategy (an alignment rate of 48% of signatories). The report notes that the impact of the COVID-19 pandemic has distorted a number of the signatories climate alignment results. Members are invited to direct comments on the development to the undersigned (georgia.spencer-rowland@ics-shipping.org), and shall be kept informed of any further update on this file.

Background

This week, [the Poseidon Principles Annual Disclosure Report 2021](#) (attached at **Annex A** for ease of reference) was released, detailing emissions data collected from clients of 23 of the Principles' signatory banks, along with portfolio information from 2020. This data was compared to a decarbonization trajectory for the same year.

Of the 23 banks whose lending patterns were assessed, the report concludes that 11 financial institutions' ship finance portfolios are aligned with IMO decarbonisation targets. This reflects an alignment of 48%, increased from 20% alignment which was reported by the 15 signatories assessed in 2020. The report includes additional commentary from financial institutions on key takeaways from their climate assessment, and reflections on how it will inform their business activities and decision-making in the future.

Impact of COVID-19 on Poseidon Reporting

The Annual Disclosure Report notes in particular the distortion of the climate alignment results for a number of signatory banks has been affected by the vessel type of predominant investment. In particular, the 'hot lay-up' of cruise ships and passenger vessels necessitated by the outbreak of the pandemic, resulted in continued CO2 emission without any

corresponding vessel movement, distorting the CO2 emissions of ship finance portfolios, making them appear substantially mis-aligned with IMO targets. In the report, Francois Lefebvre, General Manager of signatory institution BPIFrance noted that:

‘The methodology for passenger ships, combined with the effect of Covid-19 on the cruise industry, has significantly affected our climate alignment score. Considering that the absolute CO2 emissions of our shipping portfolio have fallen by above 50%, we feel the change in our score fails to represent the change in actual impact of our portfolio on the environment.’

Members will recall that in response to industry concern with the metrics used by the Poseidon Principles to assess climate alignment, the Secretariat produced a policy brief document (circulated under SCP(21)40&MC(21)107) which advocates for full alignment to the CII Reference Lines methodology used by the IMO to assess vessel efficiency.

The Secretariat will continue to engage with relevant stakeholders of the Poseidon Principles to discuss the concerns with the metrics used, and will also meet with representatives of the Poseidon Principles for Marine Insurers on 12 January 2022 to discuss this new related initiative (see IC(21)07 for further information).

Members are encouraged to direct comments and questions on the attached to the undersigned (georgia.spencer-rowland@ics-shipping.org).

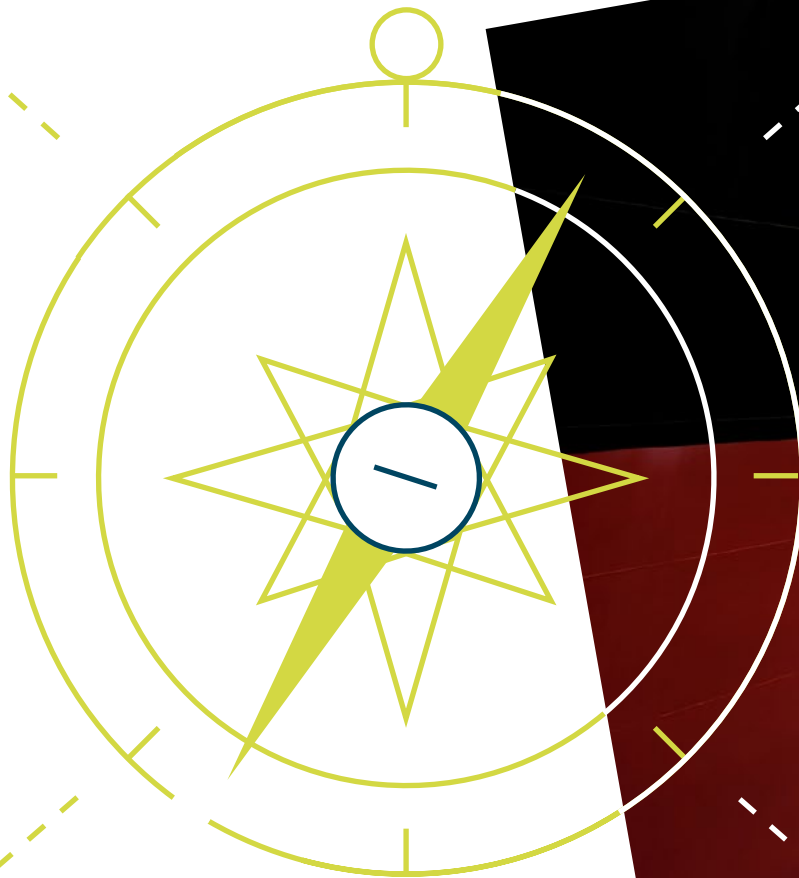
Georgia Spencer-Rowland
Policy Adviser



POSEIDON PRINCIPLES

Ek-3

Annual Disclosure Report 2021



December 2021

Poseidon Principles

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Foreword

This is the second time we as Signatories are reporting the climate alignment score of our ship finance portfolios, persisting in our efforts to increase transparency and promote the decarbonization of shipping. Since launch in June 2019, we continue to add an important piece to the overall zero-emission shipping solution.

With various collaborative partnerships emerging, public-private coalitions becoming visible, and strong declarations supporting these plans, it is crucial that every player in the shipping industry contributes to real global change. As financial institutions, we add our piece by openly reporting on the climate alignment of our ship finance portfolios. There are currently 29 Signatories behind the Poseidon Principles committed to responsible ship finance, representing over 185 billion USD. Nevertheless, simply being present is not enough. The ambition is gradually increasing. We, the Poseidon Principles Signatories, recognize the urgency of the climate crisis, and are determined to increase our ambition to achieve zero emissions as soon as possible.

By committing to transparency, we set out to disclose climate-relevant data on a yearly basis. And although the final result is presented as a single number, there are detailed calculations and a certain context behind the outcome – especially with the unprecedented years 2020 and 2021 taken into account. The two most significant factors worth mentioning are the Covid-19 pandemic and an update to our methodology. Since last

year's reporting, we have updated our decarbonization trajectories to reflect the latest IMO GHG Study. Covid-19 has impacted almost all of global trade and business, including the vessels in our own portfolios. For some of us, this means a positive change to our ship finance portfolio while for others, it increased emissions (over transport work) and the overall score we report. Of particular note is the combined effect of Covid-19, the update to the methodology for carbon emissions and the carbon intensity metric for ships such as cruise and ferries. The new metric includes distance travelled and while most cruise ships and ferries continued to consume fuel, they have been on forced lay-up during most of the year so their carbon intensity statistics could show a significant worsening relative to a pre-Covid year of operation. For banks most exposed to these sectors, this also makes the comparison of their portfolio performance from last year to this year more difficult. However, such developments only emphasize the importance of being aware of our climate actions, and we will continue to assess our emission data to make climate-aligned business decisions in the future.

International ship finance is only one but important piece of a much larger puzzle. We continue to encourage other institutions to join us and share in the collaborative efforts towards international shipping's decarbonization, and the greater goals of society.

December 2021



Michael Parker

Chair, Poseidon Principles Association
Chairman, Global Shipping, Logistics and Offshore, Citi



Paul Taylor

Vice Chair, Poseidon Principles Association
Global Head of Shipping and Offshore, Société Générale



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Introduction

About the Poseidon Principles

The Poseidon Principles are a framework for assessing and disclosing the climate alignment of ship finance portfolios. They create common global baselines that are consistent with and supportive of society's goals to better enable financial institutions to align their portfolios with responsible environmental impacts.

The Poseidon Principles establish transparency requirements for Signatories. They are supported by a robust and industry-appropriate climate alignment assessment methodology and carefully considered accountability and enforcement requirements that support data collection and analysis practices.

They were developed in an effort spearheaded by global shipping banks – Citi, Société Générale, and DNB – in collaboration with leading industry players – A.P. Møller Mærsk, Cargill, Euronav, Gram Car Carriers, Lloyd's Register, and Watson Farley & Williams – with expert support provided by the Global Maritime Forum, Rocky Mountain Institute, and University College London Energy Institute/UMAS.

The Principles aim to support financial institutions in integrating climate considerations into lending decisions in line with the climate-related goals of the International Maritime Organization (IMO). They not only help the Signatory institutions improve decision-making at a strategic level, but also shape a better future for the shipping industry and society.

Scope

The Poseidon Principles are applicable to lenders, relevant lessors, and financial guarantors including export credit agencies. The Poseidon Principles must be applied by Signatories in all business activities that are 1) credit products – including bilateral loans, syndicated loans, club deals, and guarantees – secured by vessel mortgages or finance leases secured by title over vessel or unmortgaged ECA loans tied to a vessel and 2) where a vessel or vessels fall under the purview of the IMO (e.g., vessels 5,000 gross tonnage and above which have an established Poseidon Principles trajectory whereby the carbon intensity can be measured with IMO DCS data).

Climate alignment is currently the only environmental factor considered by the Poseidon Principles. This scope will be reviewed and may be expanded by Signatories on a timeline that is at their discretion.

→ [See the 2020 Annual Disclosure Report](#)



The Principles

Principle 1

Assessment of climate alignment

“ We will annually assess climate alignment in line with the Technical Guidance for all Business Activities.

Our commitment:

Signatories will, on an annual basis, measure the carbon intensity and assess climate alignment (carbon intensity relative to established decarbonization trajectories) of their shipping portfolios. This requirement takes effect for each Signatory in the following calendar year after the calendar year in which it became a Signatory.

Principle 2

Accountability

“ We recognize the important role that classification societies and other IMO-Recognized Organizations (“RO”) play in providing unbiased information to the industry and the mandatory regulation established by the IMO for the data collection and reporting of fuel oil consumption from ships, (the “IMO DCS”). We will rely on such entities and mandatory regulations as explicitly identified in the Technical Guidance for the provision of information used to assess and report on climate alignment.

Our commitment:

For each step in the assessment of climate alignment, Signatories will rely exclusively on the data types, data sources, and service providers identified in the Technical Guidance.

Principle 3

Enforcement

“ We will require that ongoing compliance with the Poseidon Principles is made contractual in our new Business Activities using standardized covenant clauses. We will contribute to the update and addition of standardized clauses through the annual review process.

Our commitment:

Signatories will agree to work with clients and partners to covenant the provision of necessary information to calculate carbon intensity and climate alignment.

Principle 4

Transparency

“ We will publicly acknowledge that we are a Signatory of the Poseidon Principles and we will publish the portfolio climate alignment score of our Business Activities on an annual basis in line with the Technical Guidance.

Our commitment:

1. Upon becoming a Signatory, the Signatory will publicly acknowledge that it is a Signatory of the Poseidon Principles.
2. On an annual basis, each Signatory will report the overall climate alignment of its shipping portfolio and supporting information, as per the Accountability requirements, to the Secretariat no later than 30 November. This requirement takes effect for each Signatory in the calendar year after the calendar year in which it became a Signatory.
3. On an annual basis, each Signatory will publish the overall climate alignment of its shipping portfolio in relevant institutional reports on a timeline that is appropriate for that Signatory. This requirement takes effect for each Signatory in the calendar year after the calendar year in which it became a Signatory.

The Signatories



29 leading banks, jointly representing approximately USD 185 billion, have come together to commit to the Poseidon Principles.

Steering Committee

ABN Amro – Joep Gorgels, Managing Director, Global Head Transportation and Logistics, and Florin Boros, Associate Director, Global Transportation and Logistics, North Europe

Citi – Michael Parker, Chairman, Global Shipping, Logistics and Offshore (Chair)

Credit Agricole – Thibaud Escoffier, Head of London Shipping Unit

Credit Suisse – Mark Bamford, Director

Danish Ship Finance – Michael Frisch, Director, Chief Commercial Officer

Danske Bank – Tom Erik Vågen, Business Manager

DNB – Christos Tsakonas, Head of Global Shipping

ING – Stephen Fewster, Managing Director and Global Head of Shipping (Treasurer)

Société Générale – Paul Taylor, Head of Shipping and Offshore (Vice Chair)

SuMiTrust Bank – Masaya Noda, Head of Shipping

See all Signatories [here](#)



1. The evolution continues

This report marks the end of the second reporting year for Signatories to the Poseidon Principles. The initiative has grown from 20 Signatories last year to 29. Out of these 29, 23 institutions publicly disclose their climate alignment scores against a decarbonization trajectory in this report.

This year was also extraordinary in many other ways – not only for a world continuing to learn how to live in the “new normal”, but also for international shipping, which found itself in the spotlight as a driver for change. Financial institutions continue to be actively involved in solving the climate crisis as other areas of the maritime value chain increase ambition and integrate science-based climate considerations into global decision-making.



Pieces of the zero-emission shipping puzzle

The maritime industry has begun to align around some of the key messages on decarbonization: (1) It is time for governments to match non-state actors' climate actions and high ambition with specific targets for 2030 and 2050; (2) There is an urgent need for a price on carbon; and (3) Solutions must be deployed in a way that makes the transition just and equitable. These messages were particularly seen in the Call to Action for Shipping Decarbonization, IMO submissions from industry associations, and a new Sustainable Shipping Policy from the International Trade Workers' Federation.

The Call to Action for Shipping Decarbonization

has been signed by more than 200 companies and organizations from the maritime ecosystem. It calls on governments to set a target of zero emissions by 2050 for international shipping, urges them to work with the private sector to immediately create industrial scale demonstration projects, and calls for the adoption of policy measures that will support the commercial deployment of zero-emission vessels and fuels by 2030.

Key decision-makers within the shipping industry are taking concrete actions to meet their commitments. Examples of this include the public-private partnership in Mission Innovation's **Zero Emission Shipping Mission**, and the **Cargo Owners for Zero Emission Vessels** initiative (coZEV) with leading container customers including Amazon, Unilever, and IKEA committing to

using only zero-emission shipping by 2040. **The First Movers Coalition** was launched by US President Biden, with participating cargo owners committing to shipping 10% of their cargo with zero-emission fuels by 2030, and shipowners and charterers committing to making 5% of their fuel use zero-emission by 2030.

Announced at COP26

Launched by Denmark, the US, the Marshall Islands, 14 countries signed up to the **Declaration on Zero Emission Shipping by 2050**.

55 countries behind the **Dhaka-Glasgow Declaration** call for zero-emission shipping no later than 2050.

The Clydebank Declaration with 22 governments committing to establishing the first green corridors across main deep-sea routes between some of the world's biggest ports by 2030.

The establishment of **The Just Transition Maritime Task Force** to support millions of seafarers through shipping's green transition bringing together the International Chamber of Shipping, UN Global Compact, International Labor Organization, International Trade Workers' Federation, and the IMO.

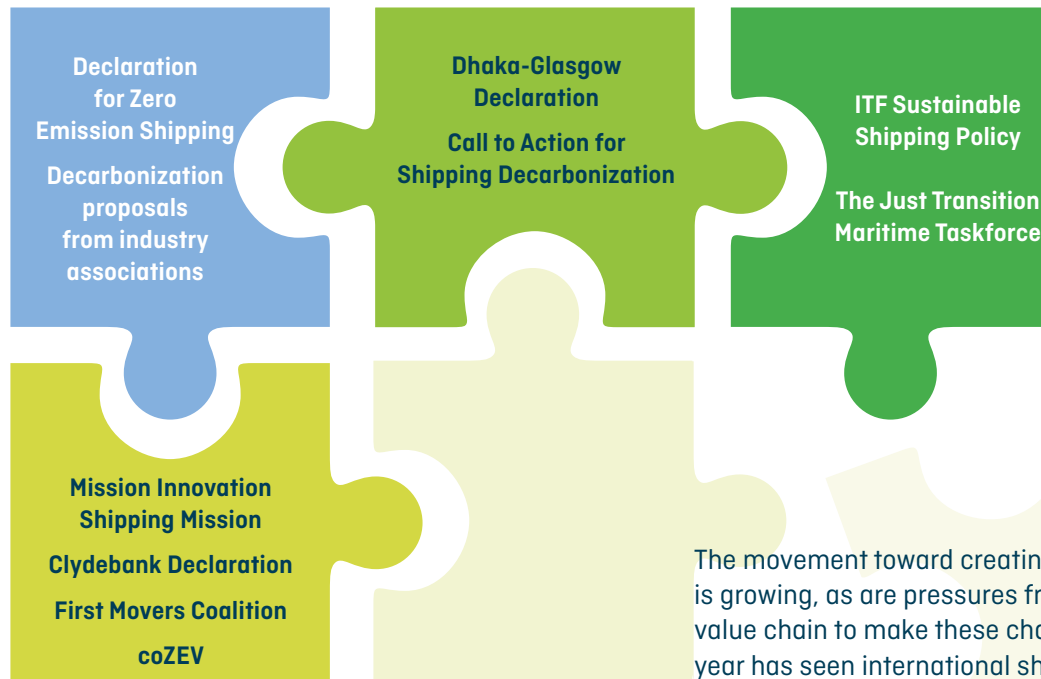


Figure 1
The shipping puzzle

The movement toward creating a decarbonized industry is growing, as are pressures from different parts of the value chain to make these changes happen. The past year has seen international shipping increasingly in the spotlight, and many actors have stepped up to accept the challenge at hand. The Poseidon Principles and similar initiatives have an important impact on this ecosystem of maritime stakeholders.

A number of new studies provide insight into how these cross-cutting initiatives can support the maritime industry’s journey towards full decarbonization by 2050, but all actors need to prepare in their own way.

October 2021 saw the release of [A Strategy for the Transition to Zero-Emission Shipping](#) (Smith et al., 2021). Prepared by UMAS on behalf of the Getting to Zero Coalition, the study examines how different forces – politics, economics, and technology – can come together to deliver a successful transition for the industry. The study concludes that the transition is feasible but will require stakeholders to seize the immediate opportunities to act while also preparing strategies for a more transformational period of change to come.

The study highlighted the Poseidon Principles as one of many industry and multi-stakeholder initiatives that are essential to the early phase of the transition. These initiatives, together with policies from national governments working domestically and with their neighbors and trading partners, will be crucial in supporting First Movers and proving the case for zero-emission shipping. Policy development on greenhouse gases at the IMO, on the other hand, will be most important in driving the mass-market scale-up of zero-emission shipping in the phase of transition to follow toward the end of the 2020s and beyond.

Policy developments

The past year saw action from the EU and other national governments to drive the early phase of the transition. The European Commission’s emissions reduction package known as ‘Fit for 55’ includes a proposal for revising the EU’s Emissions Trading System (ETS) to include shipping¹ and a ‘Fuel EU’ GHG carbon standard for shipping fuel. The ETS revision is based on the principle that *all economic sectors and policies will need to contribute to climate action*. The aforementioned Clydebank Declaration saw 22 national governments make a political commitment to develop “Green Corridors” in support of zero-emission shipping. This commitment means that national government action and new regulatory frameworks can be expected, offering the opportunity for further public-private collaboration.

¹ The proposed scope would cover maritime carbon emissions from intra-European Economic Area (EEA) voyages and half of the emissions from extra-EEA voyages.

Developments at the IMO

Short term – operation and efficiency

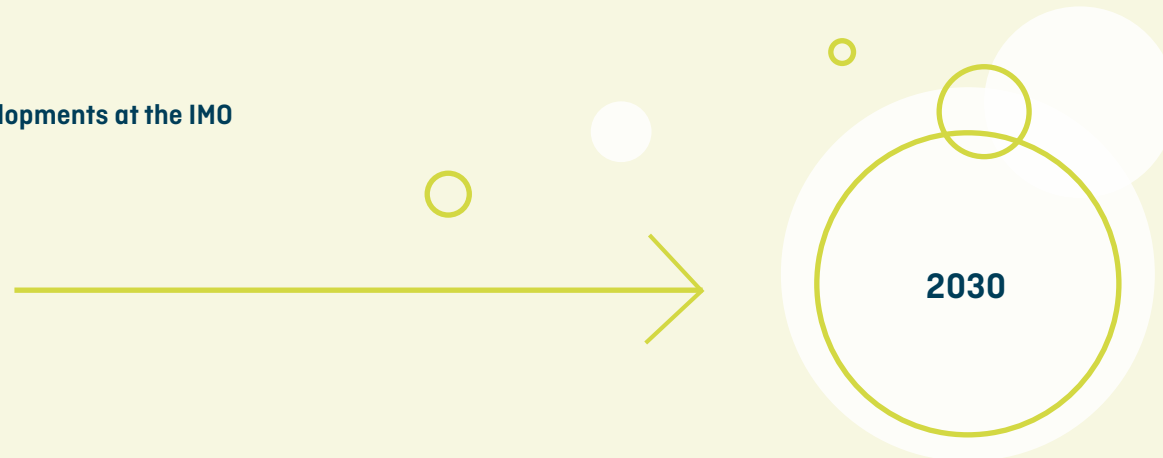
June 2021: the IMO MEPC adopted further amendments to MARPOL Annex VI that require existing ships to reduce GHGs through both technical and operational efficiency measures. The amendment, which comes into force in late 2022, rates ships on an A-E scale and requires carbon intensity reductions that are in line with the IMO Initial Strategy’s 2030 Intensity Target. The measures include an annual operational carbon intensity indicator (CII) using the same intensity metrics as the Poseidon Principles.

Medium term – a price on carbon

The IMO adopted a workplan for the finalization of a mid-term measure, which is expected to conclude around 2023/2024, and if this goes ahead, one or more mid-term measures may enter into force in the middle of this decade. Proposals are currently being debated before any further policy design in 2022.

Options considered include proposals for a carbon levy and fund, an Emission Trading Scheme and Fuel Standard.

The IMO is also beginning the revision process of the **IMO’s Strategy on GHG Reductions**, which is due in 2023. The large majority of member states speaking in these discussions prefer a strengthening of the IMO’s level of ambition to reach zero GHG emissions by 2050, which would accelerate shipping’s transition and require higher rates of change than are currently included in the Poseidon Principles.



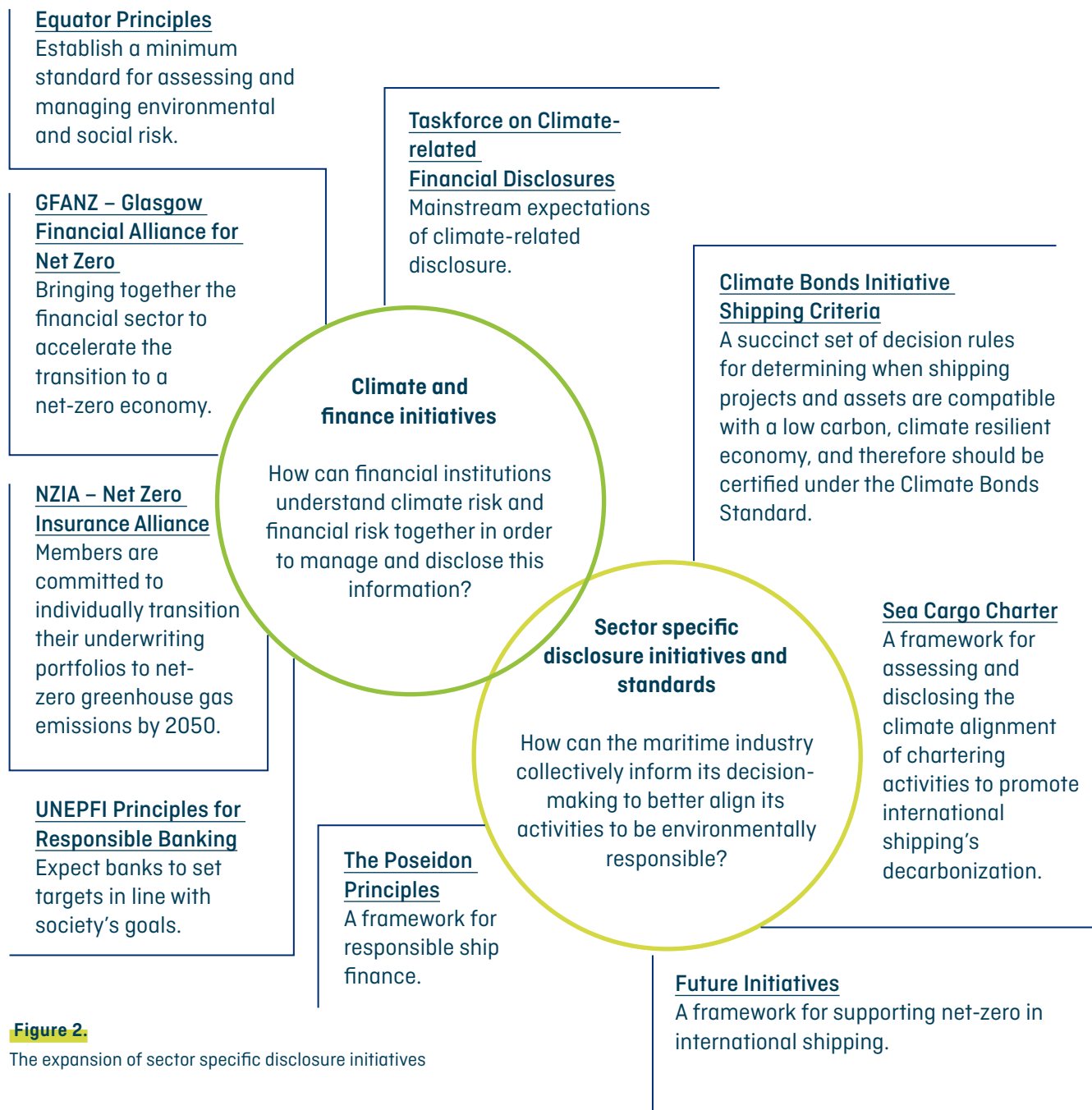


Figure 2.
The expansion of sector specific disclosure initiatives

Implications for the Poseidon Principles

There is a clear drive to move to zero GHG emissions across international shipping to meet the goals of the Paris Agreement – but the shipping industry needs to have reliable reporting standards to understand what zero means for their operations, and how this information can be used to make business decisions and meet these targets.

The future for international shipping is beginning to look green, and initiatives like the Poseidon Principles, the Poseidon Principles for Marine Insurance, and the Sea Cargo Charter exist to make this ambition a reality. Private standards, as seen in these initiatives, create the shared baseline for companies to make informed business decisions for a climate resilient future, and to decide for themselves how to make green a good business. At the same time, the development and implementation of these standards will have to respond to developments in the sector and in policy, which are clearly tending towards higher levels of ambition.



2. Climate alignment and decarbonization trajectories

Signatories to the Poseidon Principles have committed to reporting the climate alignment of their portfolios for each calendar year. Underpinning this portfolio score are individual vessel climate alignment scores for vessels in a bank's portfolio. Climate alignment measures the difference (as a percentage) between a vessel's actual carbon intensity and its ship type/size decarbonization trajectory value, representing the carbon intensity threshold value for its respective type and size per year. Figure 3 shows a stylized depiction of a decarbonization trajectory (blue line) for a ship type and size category. Each dot represents the annual carbon intensity of a vessel. The green dots represent vessels that are aligned, while the red dots represent vessels that are misaligned because they lie above the decarbonization trajectory.

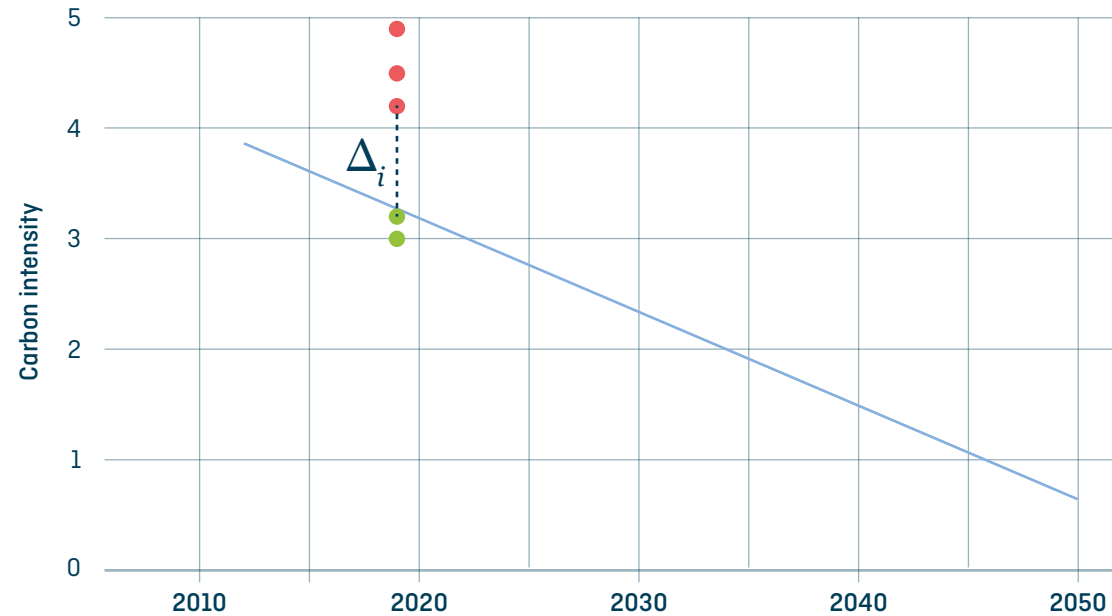


Figure 3.
Assessing alignment at the vessel level

Revisions to the Poseidon Principles decarbonization trajectories

Revisions to the Poseidon Principles decarbonization trajectories took into account revised data from the Fourth IMO GHG Study (Faber et al., 2020), a study that is updated periodically with the latest historical GHG emissions inventory of the global fleet, and the developments at IMO leading up to MEPC 76.

The Fourth IMO GHG Study updated the carbon intensity estimates for the 2012 baseline used in the 2019 Poseidon Principles Technical Guidance (“Version 3”), the size categories for certain ship types, and future projections of transport demand for 2050. Furthermore, the developments at IMO leading up to MEPC 76 in June 2021 were taken into account in terms of the carbon intensity metrics chosen for ship types that measure capacity in gross tonnage (e.g., Cruise) which adopted cgDIST, a carbon intensity metric similar to AER but which replaces deadweight with gross tonnage in its formula.

The revised 2012 baseline in the Poseidon Principles Technical Guidance (“Version 4”) reflects:

- Additional size bins for certain ship types to take into account the development of the fleet between 2012 and 2018 whilst also considering future fleet development;
- An improvement in the methodology for estimating carbon emissions employed in the Fourth IMO GHG Study;
- A gross-tonnage filtering for ships with 5000 GT and above, applied on a case-by-case basis² to be consistent with the IMO Data Collection System (DCS) data used to calculate climate alignment; and
- A new carbon intensity metric used for ship types which are measured in gross-tonnage capacity. cgDIST was applied to Cruise, Ferry-RoPax and Ferry-Pax only which previously used CO₂/GT to CO₂/[GT*distance], and to Vehicle which was previously measured in AER terms.

Even when controlling for changes in size category and carbon intensity units between the two versions, significant revisions were made to the baseline for some ship types. Significant downward revisions (>-5%) were made to at least some sizes of Bulk carrier, Container, Cruise, General cargo, Other liquids tankers, Refrigerated bulk, Ro-Ro, and Vehicle. Significant upward revisions (>+5%) were made to at least some sizes for Chemical tanker, Container, Cruise, Ferry-RoPax, Liquefied gas tanker, Oil tanker & Vehicle. In other words, a downward revision to the baseline would shift the decarbonization trajectory downwards, making it more stringent, while an upward revision signifies a less stringent trajectory. These changes reflect improvements in the methodology used in the Fourth IMO GHG Study. Overall, changes that are specific to each ship type/size category are due to assumptions on machinery (aux/boiler) power, specific fuel oil consumption and some vessels being assigned a different engine type (e.g., slow speed).

² For the smallest bin size, there are ships of less than 5000 GT which would be excluded from IMO DCS. Therefore, a filter of 5000 GT and above was applied on a case-by-case basis based on the trade-off between sample size and the difference in AER between the sample with all gross tonnage (including ships less than 5000 GT) and the filtered sample. This affected the Liquefied Gas Tankers (0-49999 cbm) and Ro-Ro (0-4999 dwt) ship types.

Changes to the global decarbonization trajectories

Revisions to the global decarbonization trajectories, used for determining the reduction factor required in each year, took account of not only baseline revisions but also revised transport demand projections. Transport demand projections took account of recent trends in the relationship between maritime trade and its drivers (e.g., macroeconomic indicators) and different models used between the two studies. This impacted the steepness of the global cargo decarbonization trajectory, which can mostly be explained by a lower transport demand projection. Figure 4 shows a comparison of the global cargo decarbonization trajectory between Versions 3 and 4 of the Poseidon Principles Technical Guidance. By 2050, the required carbon intensity reduction is 75% in Version 4 compared to 83% in Version 3.

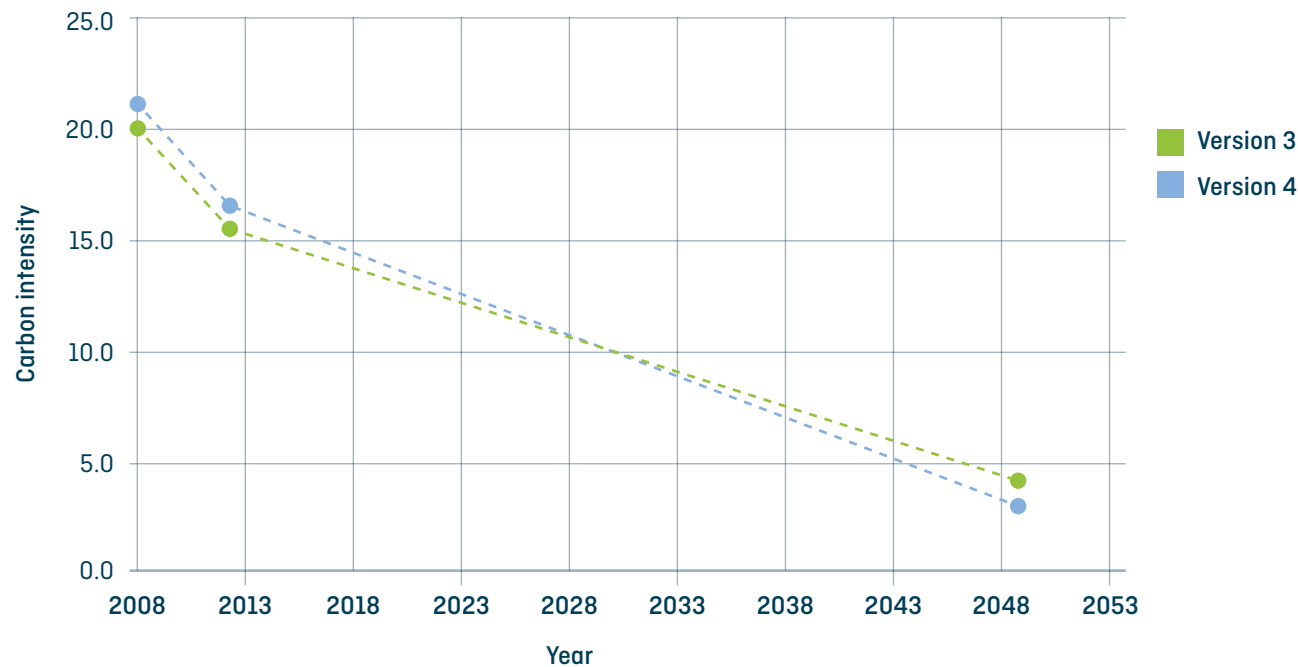


Figure 4. A comparison of the global cargo decarbonisation trajectory between Version 3 and 4

Future revisions

The Poseidon Principles Technical Guidance is expected to evolve as and when the IMO creates new policies, or if the Poseidon Principles Association decides to take a different interpretation of the IMO's Initial Strategy (e.g., increase its ambition above 50% reduction in absolute carbon emissions).

In addition to revised data from the Fourth IMO GHG Study, this year's revisions reflect some of the developments leading up to MEPC 76 in June 2021 in terms of the IMO's Carbon Intensity Indicator (CII). The CII sets reduction targets for carbon intensity in the 2020s relative to a 2019 baseline year for meeting the ambition set by the IMO Intensity Target in 2030. The full set of guidelines for the CII has not however been finalized by the IMO. As and when the finalization happens [expected early 2022, but may come later], the Poseidon Principles may be adapted to these guidelines. This includes adopting a continuous curve approach to model the relationship between size and AER for each ship type, which would adjust the 2012 baseline (upwards or downwards) if the ship's size differs from the median ship per ship type, and adopting the IMO's exemptions or correction factors to the CII to take into account the special nature of certain ship types' operations (e.g., ice-classed ships).

Periodic revisions to data occur about every five years with the release of a new IMO GHG Study (e.g., updating the transport demand projections used in 2050, historical carbon intensity data is updated or modified,

or demand develops differentially between ship types and increases the demand for ships with different carbon intensity compared to the 2012 fleet).

Climate alignment scores in light of trajectory revisions and Covid-19

Relative to last year's scores, this year's climate alignment scores reflect the heterogenous impacts of both the trajectory revisions and Covid-19 on different sectors. The revisions to the trajectories took into account new data following the release of the Fourth IMO GHG Study and policy developments at IMO. It is natural to see input data developments over time and these updates were anticipated by Signatories at the inception of the Poseidon Principles in 2019. The Poseidon Principles work on the basis of best available science at any point in time, a general principle used at the UN to prevent prevarication on decision making if perfect science is not available. This means that historical publications are left "as is" while differences in data across years are explained using a narrative, as Signatories have done on their individual pages.

The second change was the major disruption to world trade and transport activity as a result of the Covid-19 pandemic trade. While improvements in the carbon intensity of international shipping have not reduced at the same pace each year, 2020 was an extraordinary year for the maritime sector. Overall, UNCTAD predicts that the pandemic caused maritime trade to fall by 4.1% in 2020. Various sectors were more adversely affected than others. The container sector reacted to

a slump in demand by cancelling services and idling vessels (Economist, 2021), particularly in the first half of the year. The scale and duration of the pandemic was highly uncertain in the first quarter of 2020 and into the second quarter, with some industry expectations that the pandemic would be short-lived (Lloyd's Register, 2021).

While this report does not attempt to analyze GHG data of the global fleet in 2020, it is clear that for some sectors that carry passengers (e.g., Ferry-pax only and Cruise), the effects were dramatic. Anecdotal reports suggest that many shipping companies in the Cruise sector, who were familiarizing themselves with options to take their ships out of service (known as hot, warm and cold lay-up) opted for hot lay-up at the beginning of the pandemic, in order to have the option to operate when travel resumes to normal (Cruise Industry News, 2020; DNV, 2020). Ships in hot/warm lay-up continued to consume fuel but no transport work was performed. If a ship consequently went into cold lay-up (taking the ship out of operation for more than a year) – or continued in hot/warm lay-up – the annualized carbon intensity statistics would show a significant increase (e.g., worsening) relative to a baseline year of operation, even if in absolute terms the emissions were considerably lower.

While declines in absolute emissions across different sectors provide a respite to an otherwise increasing trend, this represents latent emissions (suppressed by idling and slow steaming) and as markets return to pre-pandemic activity levels, emissions will increase rather than decline along the trajectory needed to meet the

Climate alignment and decarbonization trajectories

IMO's Absolute Target unless further action is taken to transition the fleet to zero-emission vessels.

Given some ship types are thought to have experienced particularly large impacts due to Covid-19, it is expected that banks with a high exposure to those ship types will experience a distortion in their overall climate alignment score. The results this year therefore reflect the adverse effects of the pandemic, particularly on some ship types, and should not be read as indicative of a lasting trend change, but a short-term disruptive event. The consequences of Covid-19 are expected to continue into 2021, so a disruption to a longer-term trend may not be limited to 2020.



4. Reporting results

In the Poseidon Principles Annual Disclosure Report, 23 Signatories have reported their overall ship finance portfolios' climate alignment score for 2020. This represents an additional eight banks reporting this year. The results show that eleven portfolios were aligned with the IMO's Initial GHG Strategy, representing just under half of the results.

The simple average score was 7.0%; the average of all of the reported climate alignment scores calculated with each score being assigned equal importance or weightage. Data on a Signatory's total shipping debt outstanding was not available to calculate a weighted average, a more appropriate statistic to summarize the distribution of scores given Signatory banks have different levels of debt exposure. Scores ranged from -15.6% to 72.4%, and sixty-one percent had a score of +5% or less.

A ship finance portfolio can be aligned as a result of a high volume of aligned ships, high loan values associated with aligned ships, or a combination of these factors. To the extent that ships within a particular ship type resemble its global fleet peer equivalent, a bank's portfolio score would be influenced by a higher exposure to ship types which performed better (or worse) than other ship types on average. Additionally, a smaller number of ships in a portfolio increases the sensitivity of high or low climate alignment scores of individual ships, particularly if those ships also have a higher debt outstanding. On this basis, some financial institutions found that a limited number of vessels accounted for a significant portion of their overall score.

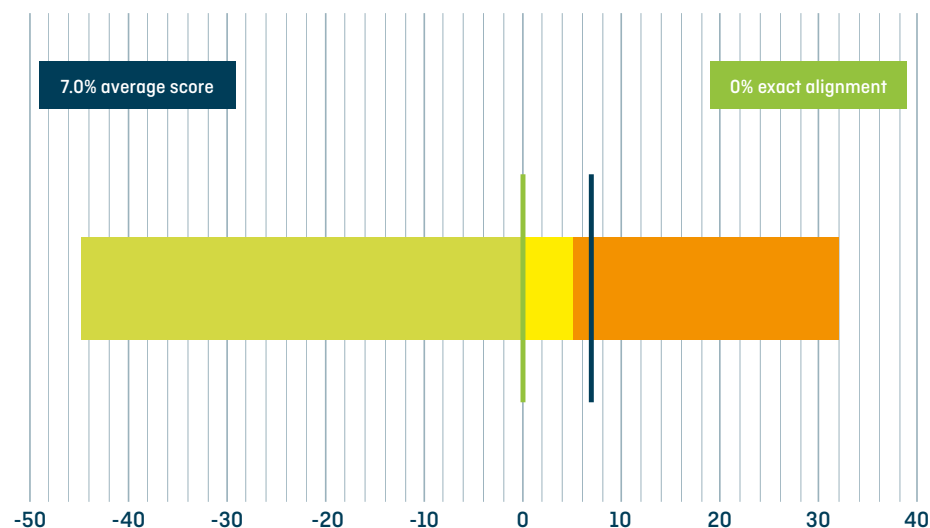


Figure 5.

Portfolio climate alignment scores. This graphic shows the range of reported scores, with a green line at 0% (an aligned portfolio score), a blue line at +7.0% to show the average, and the yellow box to represent 5% or less.

At the ship level, different vessels perform relatively better or worse compared to their decarbonization trajectories. This can be explained by their age, which in some ship types can sometimes be a proxy for technical efficiency, how they were operated, and the baseline trajectory value per ship type/size category they are starting from.

As highlighted in the previous section and in some of the Signatories' individual pages, relative to last year's scores, this year's climate alignment scores reflect the

heterogeneous impacts of both the trajectory revisions and Covid-19 induced impacts on shipping both on different ships and ship types. In absolute terms, the results of 2020 show signs they have been impacted by Covid-19; most Signatories with worse-than-average climate alignment scores cited the cruise and passenger vessel segments as contributing to their misalignment which meant many of these services were suspended from carrying passengers for much of 2020, but still consumed energy (and therefore caused emissions) whilst waiting for the market to return. Many

A climate alignment score of 0% represents a portfolio which was exactly in line with the decarbonization trajectory threshold (climate aligned).

A negative score indicates a portfolio's carbon intensity is lower than required by the decarbonization trajectory (climate misaligned).

of these passenger ships are higher value than freight carrying ships and can be associated with large debt exposure – so even a portfolio with a small number of passenger vessels can be strongly negatively affected overall. Other Signatories commented more generally, finding that the operation of the vessel (e.g., speed) is an important driver of carbon intensity, in addition to a ship's technical characteristics.

At the end of the second year of the Poseidon Principles, it is clear that Signatories are using their climate alignment scores to have a more fact-based dialogue with their clients and make more informed lending decisions by integrating climate risk into their portfolio risk management. Some Signatories have reported using the information as an opportunity to create innovative financing solutions which help steer their portfolios along the decarbonization trajectory, either through financing retrofits, modifications or new buildings or through sustainability-linked loans or leases where the interest rate fluctuates according to sustainability criteria such as AER.





5. Fulfilling the Signatory requirements

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ABN AMRO

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

As a Poseidon Principles Signatory, working on the climate alignment score for the second year in a row has helped us creating valuable insights in our changing portfolio of ship finance loans. The second set of data gives us even a comparison with last year's results from which we will create deep dives into various subsectors and clients. The data behind the alignment score enables us to cooperate with our clients in a focused manner on the ambitions of the maritime industry and its stakeholders to promote international shipping's decarbonization.

How will the Poseidon Principles influence your business activities and decision-making in the future?

In our lending decisions, sustainability parameters play an important role. Our due diligence becomes more complete with the actual vessel data of which the AER is composed. It also gives us a tool to have a dialogue with our clients and to jointly create impact that will support further decarbonisation of shipping. ABN AMRO wants to contribute to the international objectives of the Paris Agreement by measuring, reporting and steering on its portfolio. The Poseidon Principles and the data that it generated will help us with that reporting and steering in the future.

[Link to institutional report](#)

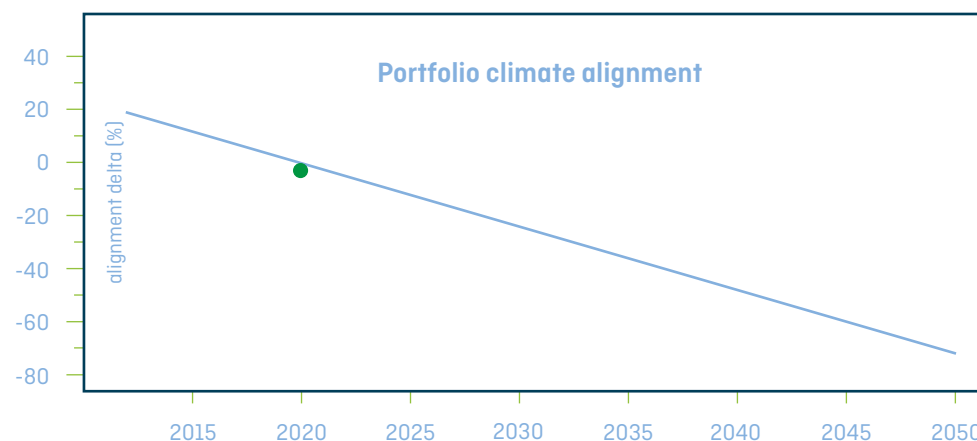


As a leading ship finance bank in Europe with a strong focus on sustainability, we understand that we have a responsibility and can use our ambition to promote sustainability in the maritime value chain; from the construction of a ship, the operation during its lifetime, and to responsible ship recycling. We regard the Poseidon Principles as an additional good tool for our ambition. It creates insight and transparency and enables us to work with our shipping clients on decarbonization of the sector.

Joep Gorgels, Global Head Transportation & Logistics



Portfolio climate alignment score: **-3.3%**



AMSTERDAM TRADE BANK

Founding Signatory as of June 2019

Non-Reporting

[Link to institutional report](#)



Sustainability and decarbonisation have become an important part of business, also for Amsterdam Trade Bank. The bank takes pride in being a founding Signatory to the Poseidon Principles. Reporting on portfolio climate alignment has proven to be a useful tool for understanding our activities in shipping finance.

Amsterdam Trade Bank is rebranding to FIBR. Its focus will be on European SME going forward. In the absence of new shipping finance transactions, we will not further apply the Principles. We would like to thank the organisation and the participating banks for the cooperation, and wish the Principles a bright future.

Remco Steger, Head of Shipping Finance



BNP PARIBAS

Signatory as of December 2019



What are your key takeaways from your climate alignment score?

BNP Paribas remains committed to the de-carbonization efforts in the shipping sector. We are still at the very beginning of an important journey, where Signatory banks have already helped to raise the awareness level among all industry stakeholders. The Poseidon Principles allow us to align our portfolio with the Paris Agreement goal in accordance with the PACTA methodology.

How will the Poseidon Principles influence your business activities and decision-making in the future?

Results of this second reporting year calls for further analysis of our score's outcome and at least another reporting year in order to better take it into consideration for our business strategy. Excluding the stake of the Cruise segment in our portfolio, BNPP's score for FY 2020 would have been -1.25%, meaning below the decarbonization trajectory.

[Link to institutional report](#)



Our commitment to the Poseidon Principles demonstrates our business ambition to help financing the transition of our clients to a greener maritime industry.

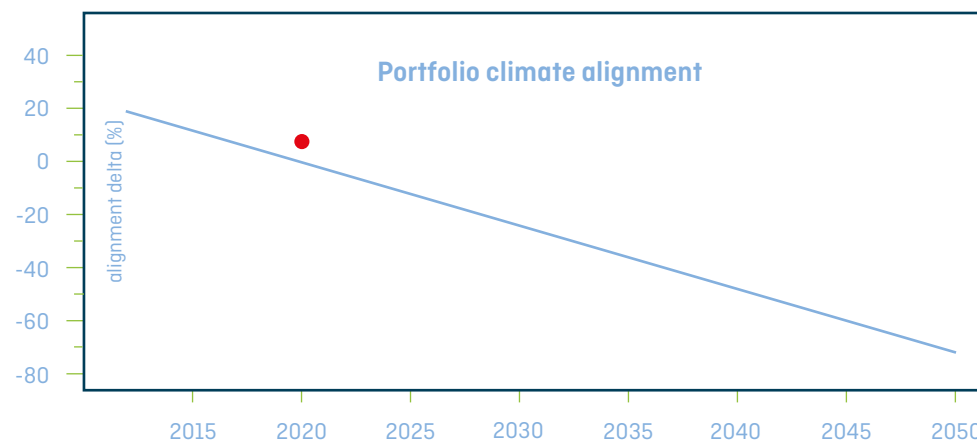
It is also fully consistent with the bank's wider strategy to lead the financing of the energy transition across all industries, as witnessed through BNPP joining the Net Zero Banking Alliance earlier this year.

After a second year of reporting under the Poseidon Principles, we are still at the beginning of the journey. The results for 2020 have been influenced by methodological adjustments as well as unprecedented impact of the Covid-19 crisis on certain market segments (e.g., Cruise). Still, they should help to form a building block for a better understanding of the factors behind the GHG emissions of our ship lending portfolio, and help monitor a reduction of its footprint over time.

Vincent Pascal, Head of Shipping and Offshore Finance EMEA



Portfolio climate alignment score: 7.5%



BPIFRANCE ASSURANCE EXPORT

Signatory as of January 2020



What are your key takeaways from your climate alignment score?

Both the revisions to the Poseidon Principles trajectories (especially the use of a new carbon intensity metric for cruise ships and ferries) and the exceptional situation of the year 2020 (when, because of restrictions due to Covid-19, most passenger ships were forced to stay in lay-up, hence continued to emit some carbon dioxide without travelling) make comparisons versus last year challenging and unreflective of the reduction in CO₂ emissions that has been actually observed during this period for this type of ships.

How will the Poseidon Principles influence your business activities and decision-making in the future?

Since our shipping portfolio is constituted of cruise ships, and as stated above, it has been difficult to draw some relevant conclusions on decarbonization objectives based on our 2020 climate alignment score. Additionally, considering that the cruise sector is still going through the same unexpected and substantial crisis, it is likely that our 2021 score will be similarly impacted.

[Link to institutional report](#)

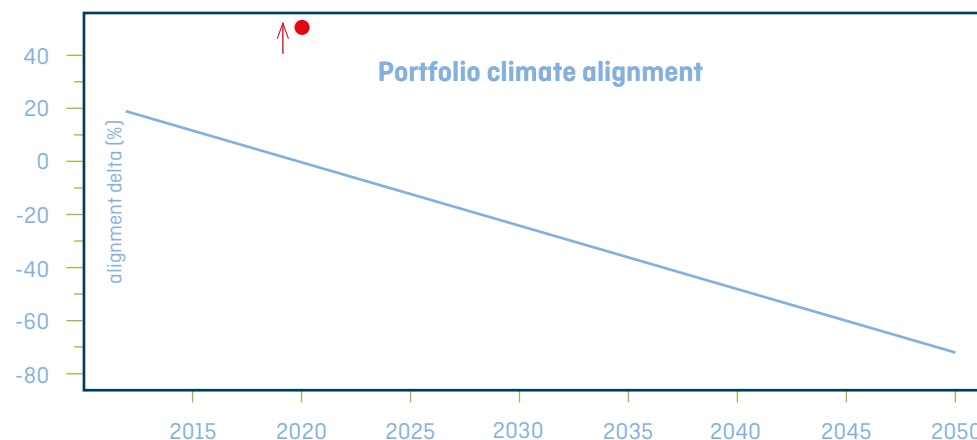


The methodology for passenger ships, combined with the effect of Covid-19 on the cruise industry, has significantly affected our climate alignment score. Considering that the absolute CO₂ emissions of our shipping portfolio have fallen by above 50%, we feel the change in our score fails to represent the change in actual impact of our portfolio on the environment.

François Lefebvre, General Manager



Portfolio climate alignment score: **72.4%**





Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

Citi is pleased to report our alignment score for the second year, continuing our commitment to address the impacts of climate change. The increasing focus globally of carbon emissions reduction reinforces the need for Citi to take a leadership role in ensuring these targets are met. In line with this, Citi has committed to net zero greenhouse gas emissions by 2050, including our financing activities, and our own operations by 2030.

Our alignment score for this year’s report was impacted by changes in the trajectory targets and evolving target levels driven by the optimisation of the calculation methodology, but most significantly the unique circumstances driven by the Covid-19 pandemic. [Although the total carbon emissions was significantly lower during 2020, the reduced distance traveled has led to an increase in the AER over the period.]

The Cruise segment has been most significantly impacted by this, with a +10.7% impact on our total alignment score, resulting in an alignment score of 1.1% for the remaining Citi portfolio. An estimated alignment of our portfolio (excluding Cruise) based on the UMAS Fuel Use Statistics and Emissions (FUSE) model resulted in a -4% alignment score.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The increasing focus of the industry as a whole is driving ship-owners and their customers to meet the increasing number of targets being implemented globally. As new technologies emerge, ensuring that new vessel financings meet our portfolio requirements will become an increasing focus.

The transition to a carbon neutral industry will also become increasingly important and Citi will continue to work with our clients in aiding them in meeting the evolving industry targets. The impact of maintaining a global supply chain has been brought to the forefront this year, and through the partnership that Citi has with our clients, our ambition is to continue to align our portfolio, whilst supporting our clients to meet their targets.

We will continue to work with our clients to assist them in achieving their environment goals and their alignment with IMO ambitions.

[Link to institutional report](#)

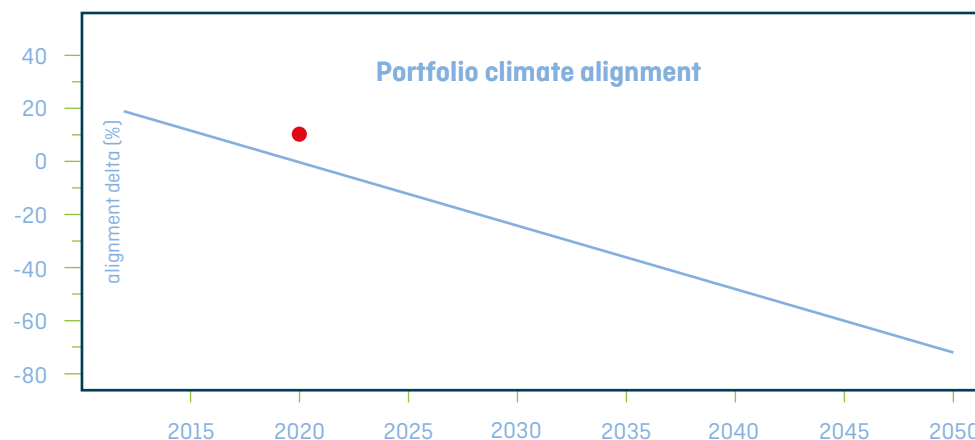


The updated methodology using the latest emissions data from the IMO’s 4th GHG Study confirms our expectations of being close to alignment (+1.1%) with the current IMO’s decarbonisation trajectory in our portfolio if we exclude the cruise sector. As the Foreword makes clear, the changed methodology for cruise combined with the unprecedented impact of Covid-19 on that sector is distorting the overall alignment result for any Signatory with cruise exposure and moves Citi’s alignment to +11.7%. The fact that the cruise industry’s actual emissions dropped dramatically in 2020 is not reflected in the result and as we continue to evolve the way in which emissions are measured and reported we will examine how we can resolve this sort of anomaly until the IMO settles on a consistent way of measuring passenger shipping carbon intensity.

Michael Parker, Chairman of Global Shipping, Logistics & Offshore



Portfolio climate alignment score: 11.7%



CREDIT INDUSTRIEL ET COMMERCIAL

Signatory as of November 2019



What are your key takeaways from your climate alignment score?

A key takeaway this year is the confirmation that alongside technical aspects, the operation of the vessels in the portfolio is a major component of the scoring.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The Poseidon Principles have become key element and a reference for our ESG Maritime Transportation policy on short and medium term basis, with an objective to be below the IMO curve as soon as possible. This will be the main driver of our investment policy over the next years (for greener vessels, new fuel, sail,...).

[Link to institutional report](#)

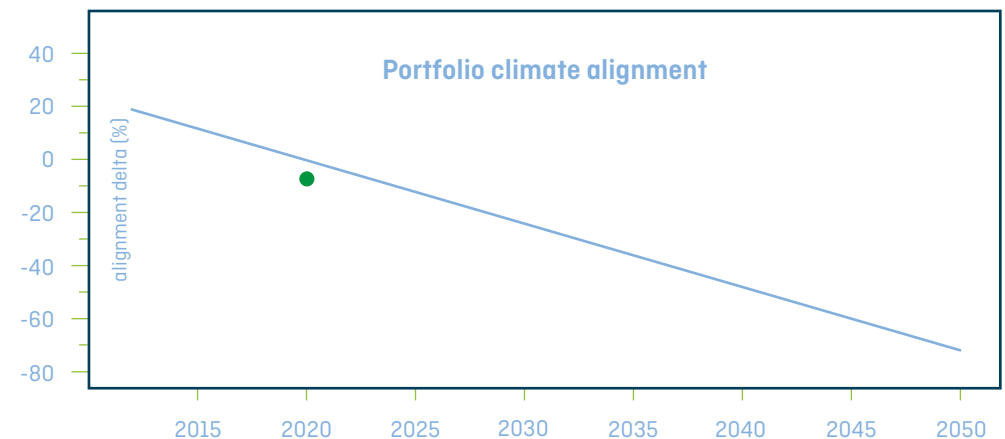


We are very happy of the outcome of the year which fits with our strategy and is the consequence of the efficient manner most of our clients have operated their vessels in 2020.

Jean-Philippe Guillon, Global Head of Asset Finance



Portfolio climate alignment score: **-7.0%**



CREDIT AGRICOLE CIB

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

The methodology changes applied to passenger shipping while all the cruise vessels in the portfolio were placed in forced lay-up for most of the year due to Covid-19 severely distorted our score calculation and made proper measurement of our 2020 alignment a challenge.

The absolute carbon intensity of our portfolio was nonetheless reduced by 10%, reaching 35,6 MT in 2020 compared to 39,5 MT the year before. Over the same period, the Alignment Score of our Commodity Shipping portfolio (e.g., all cargo vessels but excluding all passenger ships) improved further, going from 8.9% in 2019 to 2.5% in 2020 as we actively supported our shipping clients in rejuvenating their fleet with eco-type and dual-fuelled modern tonnage.

How will the Poseidon Principles influence your business activities and decision-making in the future?

As one of the leading ship finance institutions, Credit Agricole CIB has been using the Poseidon Principles to guide and influence its lending strategy. The Poseidon Principles are a useful tool to engage with our core shipping clients on the challenges raised by the necessary decarbonation of the shipping sector and build together the optimal funding strategy to gradually replace the existing fleet with low-emissions and eventually zero-emissions vessels.

[Link to institutional report](#)

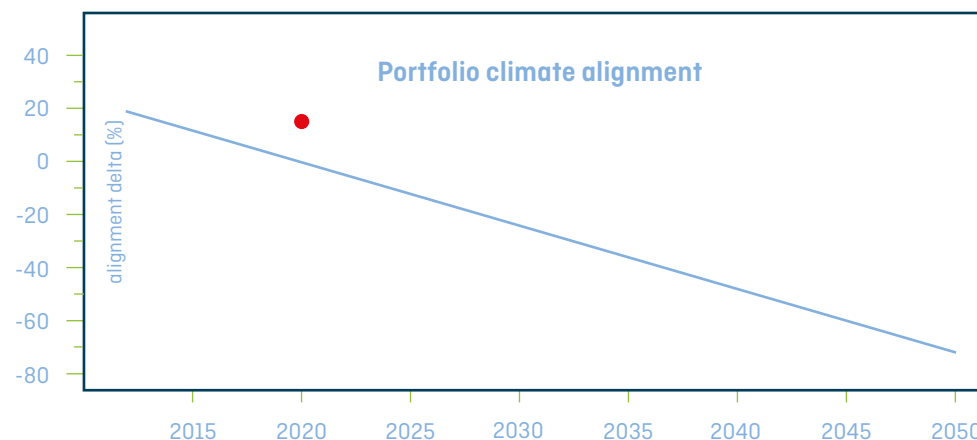


The road to 2030 then 2050, two major milestones for the necessary decarbonation of the shipping sector, is proving a bumpy one. This is not a surprise. The methodology and trajectory changes for passenger ships, implemented right when the cruise sector was going through a life-threatening crisis with all its operating assets forced in lay-up, turned our climate score measurement upside down and made a comparison with last year's score next to impossible. We have nonetheless managed to improve our climate alignment score on the commodity shipping part of our portfolio by working closely with our core clients and supporting their fleet modernization. We will continue to do so, guided by the new EEXI and CII rules that provide a clear (but exacting) roadmap to all stakeholders for the proper decarbonisation of our shipping industry.

Thibaud Escoffier, Global Head of Ship Finance



Portfolio climate alignment score: **16.2%**



CREDIT SUISSE

Signatory as of January 2020



What are your key takeaways from your climate alignment score?

The climate alignment score provides a helpful baseline for measurement of shipping portfolios. Whilst too early, after one year, to establish clear trends, operational efficiency is, beside technical efficiency, the most influential factor on climate alignment.

Results for a given vessel may also fluctuate each reporting year depending on the macro-economic environment in which it operates, resulting in different speeds and trading patterns. In addition, portfolio alignment can also be significantly influenced by individual ship types. For financiers to move their portfolios below the trajectory on a sustainable and long-term basis will depend upon the maritime industry's readiness to embrace further improvements in energy efficiency, as well as policies to facilitate the large-scale deployment of low-carbon technologies and fuels.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The Poseidon Principles form part of our sustainability assessment which is an integral part of our ship financing strategy. Calculating the AER based on actual fuel consumption provides a factual, albeit backwards looking, statement on the carbon footprint of an individual asset in a given year. Quantitative insights like this aid transparency and will be used to enhance and inform discussions with our clients as we support them on steps taken to reduce their fleet's carbon intensity in line with their wider sustainability objectives.

[Link to institutional report](#)

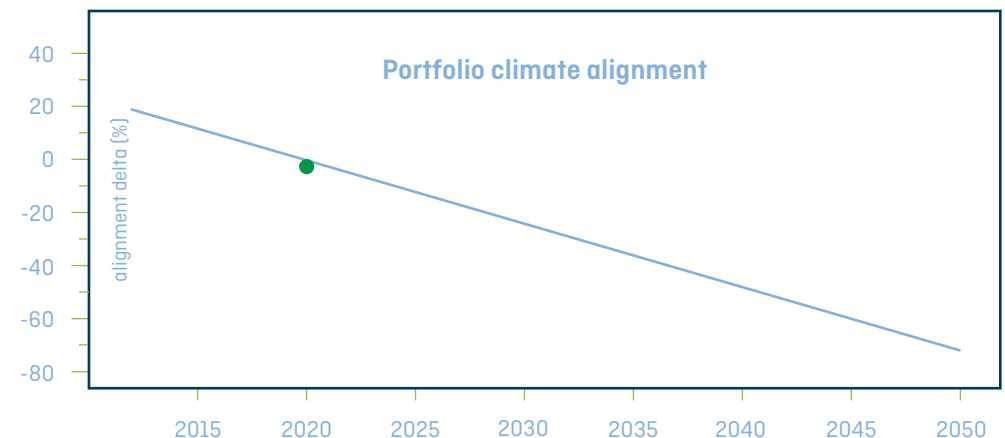


As part of Credit Suisse's commitment to support our clients in their transition to sustainable business models, we became a Signatory to the Poseidon Principles in 2020. Transparency is a vital tool in the global drive to reduce Greenhouse Gas emissions, and whilst many factors will lead to fluctuations in a financier's portfolio alignment year on year, we are pleased that our first disclosure shows our portfolio to be -2.4% below the Poseidon Principles' trajectory. We look forward to continuing to work with our clients on a topic that ultimately impacts us all.

Mario Béhé, Head of Ship Finance



Portfolio climate alignment score: -2.4%



DANISH SHIP FINANCE

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

The new data collected from our clients grants us increased insights into our portfolio and will add significant value to our internal due diligence of transactions and client relationships. We find that most likely due to the Covid-19 pandemic, there is variation between the segments that performed well in 2020 compared to 2019 - however this was an expected outcome. Overall, adding another years' data provides a strong foundation to build our further analysis of individual segments and vessels on to further deepen our understanding of our portfolio.

How will the Poseidon Principles influence your business activities and decision-making in the future?

We integrate the insights obtained through the Poseidon Principles in our lending decisions along with our internal sustainability assessment of clients that is based on multiple parameters. The data obtained through the Poseidon Principles help qualify this overall assessment, and adds value in the dialogue with our clients about our joint impact on the decarbonisation of shipping.

In 2021, we set a target to have our overall portfolio aligned with the Poseidon Principles trajectories by 2025. As a tool to achieve this target we expect to include sustainability-linked incentives with specific reference to the Poseidon Principles in an increasing number of new transactions.

[Link to institutional report](#)

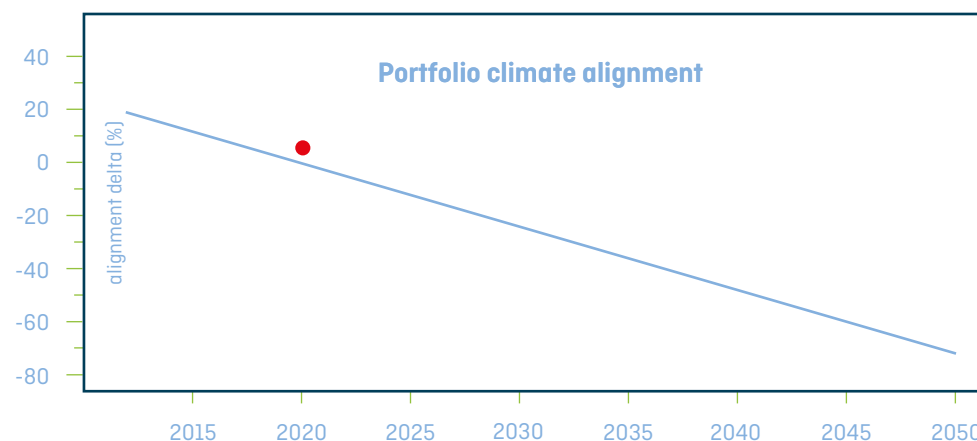


We are pleased to present our results and to register an improved performance for our second year of reporting, despite the challenging circumstances for the shipping industry in 2020 caused by the global pandemic. We are proud to see that our clients are working actively to reduce their climate impact, and the result for our portfolio only confirms that we have a very strong client base.

Michael Frisch, Chief Commercial Officer



Portfolio climate alignment score: 5.6%



DANSKE BANK

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

We are pleased that this year's reporting of 3.3% shows a substantial improvement from last year's +11.9%. And although we acknowledge that there have been changes to some of the vessels' trajectories and that vessel operations were impacted by Covid-19 in 2020, we believe that our bank's (and our customers') continued focus on modern and efficient tonnage also contributed to this improvement.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The introduction of the Poseidon Principles reporting has definitely raised our bank's environmental awareness for the shipping sector. This, together with other relevant climate parameters, is making us more knowledgeable and more relevant in our discussions with our shipping customers' efforts to improve energy efficiency and reduce their carbon footprint.

[Link to institutional report](#)

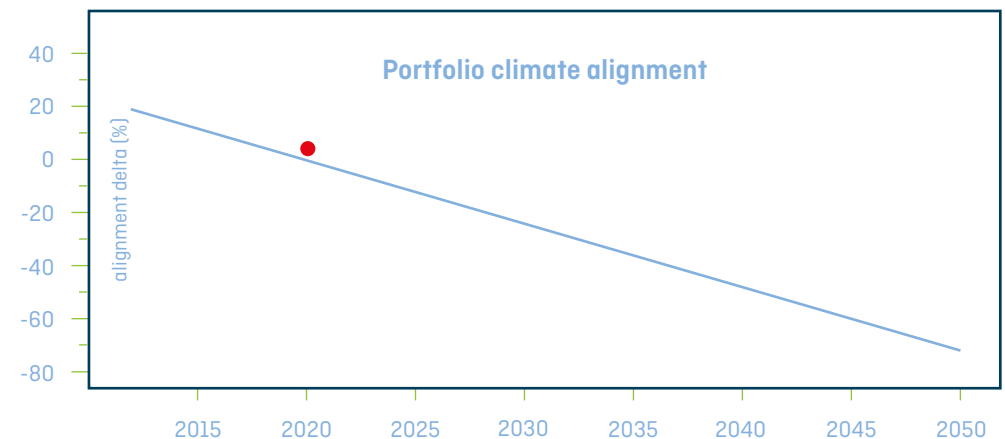


The second Poseidon Principles reporting shows that the banks have a helpful tool to actively monitor the carbon footprint of their shipping portfolios. The Poseidon Principles is raising the banks' environmental awareness and we in Danske Bank will use the Principles actively going forward when supporting the shipping sector's transformation and help finance its decarbonisation. We look forward to actively take part in developing the Principles further in the years to come.

Einar Stavrum, Global Head of Shipping



Portfolio climate alignment score: **3.3%**



DEVELOPMENT BANK OF JAPAN

Signatory as of May 2021



What are your key takeaways from your climate alignment score?

The portfolio climate alignment assessment enabled us to comprehend the carbon footprint of our ship finance portfolio and our commitment toward decarbonization. We were also able to confirm that particular types of vessels have an important impact on the score, which gave us new insights for future financing.

How will the Poseidon Principles influence your business activities and decision-making in the future?

As this is our first voluntary disclosure since signing on to the Poseidon Principles, we are still discussing the impact of the Principles on our business and decision-making from various perspectives. However, we wish to continue proactively supporting the efforts of businesses to decarbonize through transition finance and sustainability-linked loans.

[Link to institutional report](#)

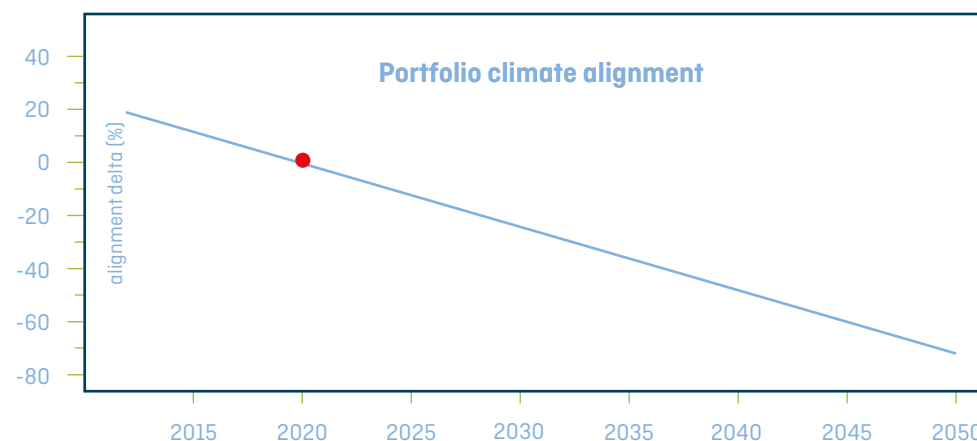


It gives me great pleasure to see that DBJ has reported its first portfolio results under the Poseidon Principles in alignment with the IMO pathway. DBJ is also promoting the GRIT Strategy -- G: Realization of a green society; R: Construction of a flexible, strong, safe and secure infrastructure; I: Initiatives for innovation; and T: Strategic initiatives for transition -- as a means of contributing to a sustainable society through investment and finance. Our participation in the Principles is linked to the GRIT Strategy, and we shall be active in promoting both.

Yuichiro Yamaguchi, Head of Ship Finance Team



Portfolio climate alignment score: **0.5%**



DNB

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

This year’s results demonstrate the high sensitivity of the Poseidon Principles methodology and scores to fleet segment composition as well external factors such as the shipping markets. Understanding the underlying developments and the actual effects of decarbonization efforts requires deeper analysis on ship and segment level.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The Poseidon Principles’ data analysis is an integrated part of our strategic discussions, risk analysis and decision making.

[Link to institutional report](#)

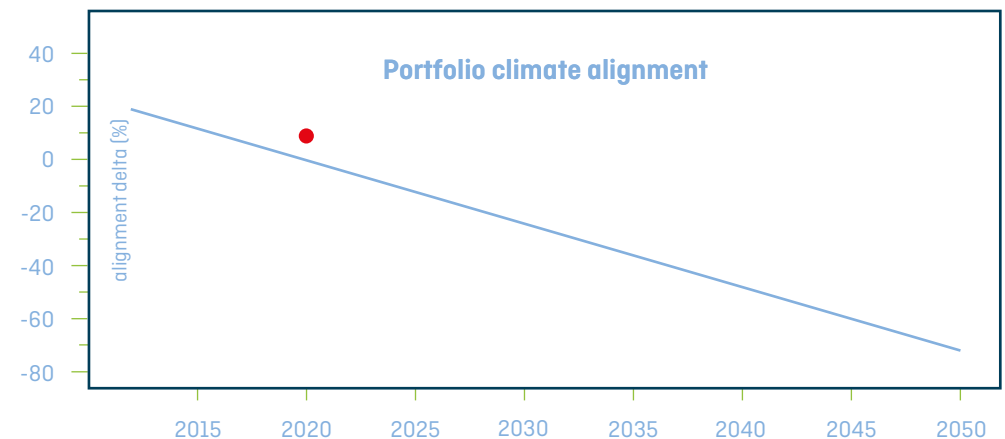


The revisions and changes in methodology for some segments, combined with the special situation in the cruise industry in 2020, have had a negative impact on our Poseidon Principles score compared to last year’s results. We are committed to meeting our environmental ambitions, and the Poseidon Principles are the best tool to help us define our path.

Christos Tsakonias, Global Head of Shipping



Portfolio climate alignment score: **9.5%**



DVB

Founding Signatory as of June 2019



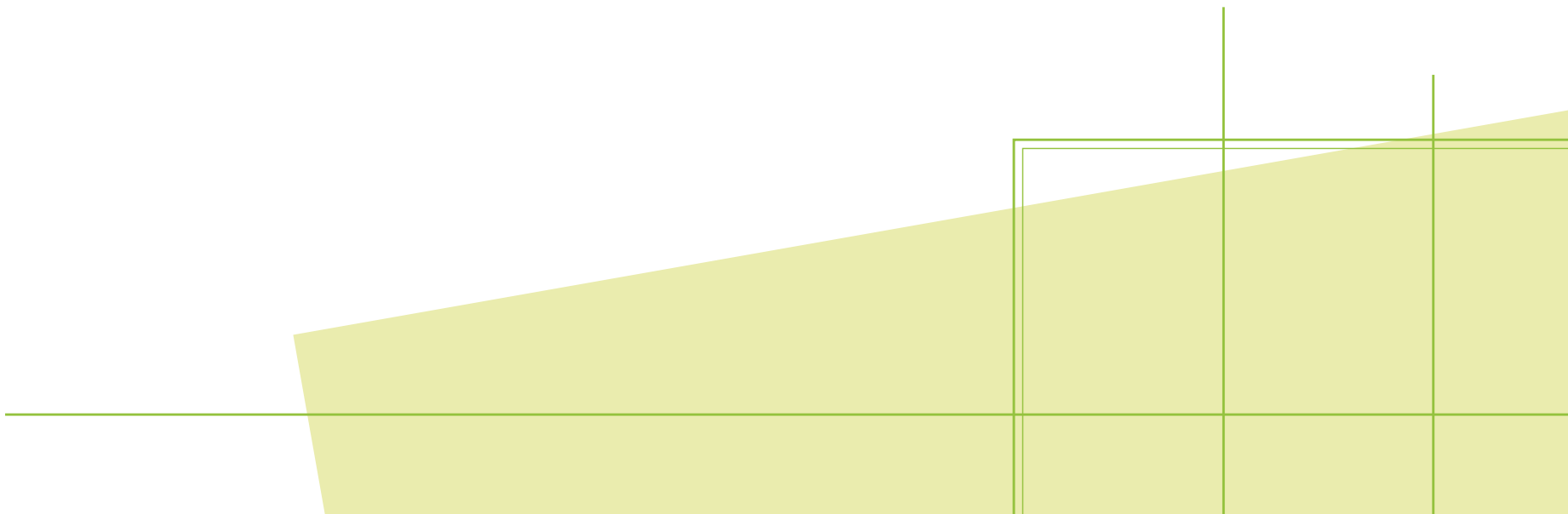
Non-Reporting

DVB Bank SE is a financial services provider specialising in international transport finance and managed a loan portfolio worth €2.5 billion as at 30 June 2021. After the sale of key business units in 2019, the Bank resolved on the amortisation of its residual portfolios. As a result, DVB continues to manage its existing business as a fully operational bank but has discontinued active marketing and in principle the origination of new business in Shipping Finance. Following this shift in business focus, DVB has decided to no longer be a Signatory of the Principles whilst remaining supportive of its cause.



The Poseidon Principles give a clear signal that financial institutions want to support and play their role in the decarbonization of the world fleet. As a shipping lender, we were among the initial Signatories and are proud of the progress collectively made. Whilst our business focus has changed, we remain supportive of the Principles.

Peter Bergman, Senior Vice President, Shipping Portfolio & Research



EXPORT CREDIT NORWAY

Signatory as of November 2019



What are your key takeaways from your climate alignment score?

This year's portfolio of vessels falling under the scope of the Poseidon Principles is not considerably different from last years portfolio which was well-aligned. However, there are a few more expedition cruise vessels and with the updated trajectories specifically for that segment this years climate alignment score is therefore not directly comparable with last years score.

How will the Poseidon Principles influence your business activities and decision-making in the future?

As informed also last year, the part of our portfolio falling under the scope of the Poseidon Principles is unfortunately very limited, as the majority of our vessels are offshore service vessels or vessels that are not considered to be trading internationally and/or are below 5000 dwt.

However, for the vessels in our portfolio covered by the Poseidon Principles, they provide a valuable tool for understanding the carbon intensity of those vessels. We are looking forward to be able to increasingly use the information it provides both internally and in dialog with our customers.

[Link to institutional report](#)

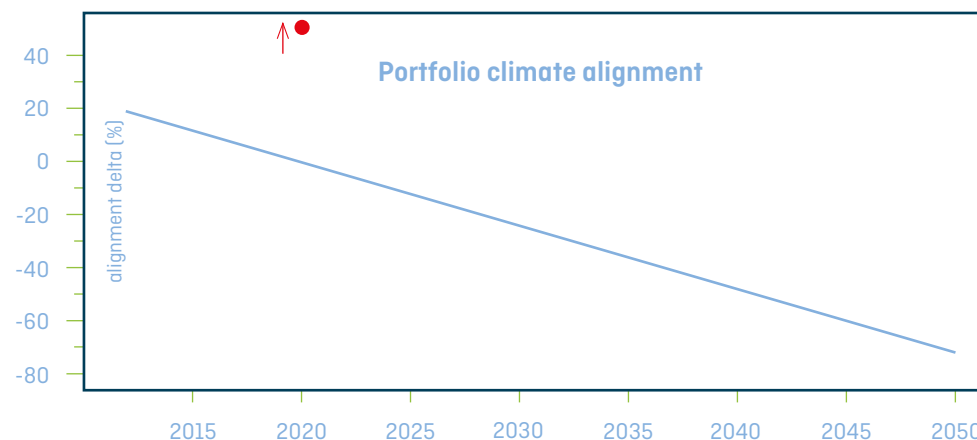


We support the Poseidon Principles in achieving increased transparency and focus on the emission challenges of the shipping industry. A substantial part of our portfolio falling under the scope of the Poseidon Principles are within the cruise sector. In addition to the change of trajectories for these vessels, several of them have also been laid up in warm stacking due to Covid-19, which means they have had considerable emissions without sailing. Our climate alignment score is therefore not as favourable this year as it was last year.

Olav E. Rygg, Head of Large Corporates



Portfolio climate alignment score: **64.4%**



FINNVERA

Signatory as of March 2021



What are your key takeaways from your climate alignment score?

This is the first time we calculated the CO₂ emissions of our ship finance portfolio. The figure reflects an exceptional year due to the pandemic, when cruise ships stayed mainly in ports, but maintenance still produced emissions. Finnvera finances new builds that have a positive impact on the climate alignment score, and we look forward to following up the results once the cruise industry is again operating in full.

How will the Poseidon Principles influence your business activities and decision-making in the future?

Approximately half of Finnvera’s export credit guarantee exposure is related to ship cluster. Therefore, Poseidon Principles is of particular importance to Finnvera and to the assessment of the development of the ship portfolio from a climate perspective. It provides a concrete framework and measure to the actual CO₂ emissions of ship finance on an annual basis and compares them with the established trajectory. A special thanks to our customers for providing the information and making possible the monitoring of the development of emissions.

[Link to institutional report](#)

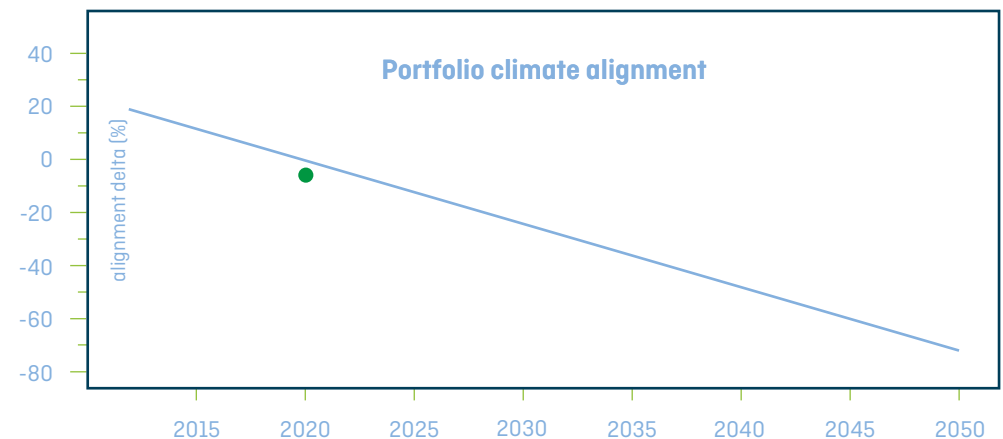


Like other export credit agencies, Finnvera has good opportunities to curb climate change, as we finance new projects, better technology with fewer emissions. We believe that Finnvera’s participation in the financing will help the Finnish shipbuilding industry and their customers to stay at the technological forefront and promote the industry’s transition to lower-emission solutions.

Jussi Haarasilta, Executive Vice President



Portfolio climate alignment score: **-7.0%**





Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

After outperforming the Poseidon Principles trajectory last year, we are delighted to report an improved portfolio alignment score this year. This result clearly shows that our strategy to finance market leading companies whose focus is to own and prudently operate fuel efficient tonnage is the correct course. We will continue to engage with clients and will provide innovative financing solutions to help them decarbonise whether this be for retrofit, modifications or new buildings. Our clients are receptive to these discussions and understand their responsibility to the wider stakeholder group.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The assessment of a vessel’s AER is now a major consideration when deciding whether we wish to pursue a transaction. We continue to be a client-led business and expect all of our clients to engage in discussions around the decarbonization of shipping. We require a clear understanding of the client’s strategy to improve energy efficiency and the potential impact of individual vessels on our portfolio. Increasingly we are embedding incentives in facility agreements to improve energy efficiency, referred to as Sustainability Improvement Loans. We believe the combination of the right client strategy, continuous client dialogue on sustainability and embedding incentives in loan agreements, will steer the shipping industry to decarbonize.

[Link to institutional report](#)

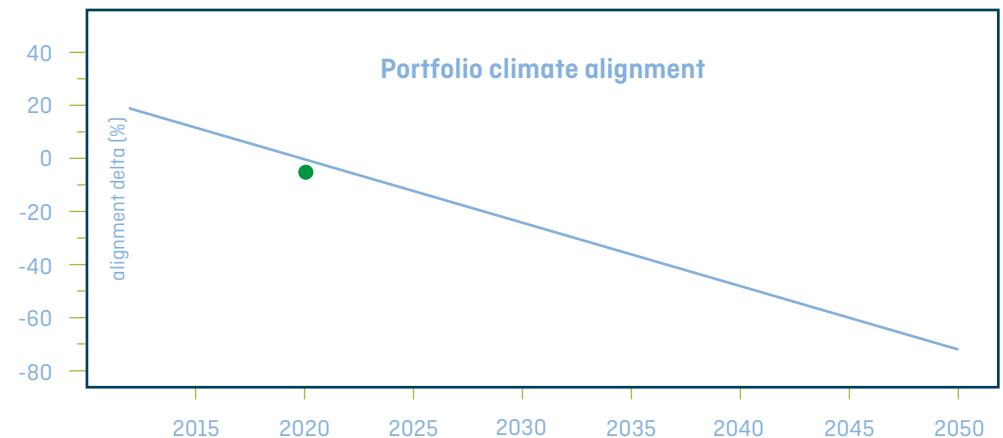


I am delighted to report for the second successive year, a portfolio alignment score which outperforms the Poseidon Principles decarbonization trajectory. Although progress has been made, more needs to be done by the industry to stay below the 1,5 degrees target. ING will continue to push for progress to decarbonise and this requires collaboration with all industry stakeholders including governments and global regulators.

Stephen Fewster, Global Head of Shipping Finance



Portfolio climate alignment score: **-6.0%**



NORDEA

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

Nordea is pleased to see the commitment from its shipping customers regarding the Poseidon Principles reporting achieving close to a 100% reporting rate in two successive years. The Poseidon Principles enables us to track the decarbonization of our shipping portfolio over time and the data obtained has given us valuable additional insight into our portfolio. Nordea has a diversified shipping portfolio financing the majority of the segments.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The data from the Poseidon Principles enables us to have a fact-based dialogue with our customers regarding decarbonization. This will pave the way for a more decarbonized shipping sector in the future.

[Link to institutional report](#)

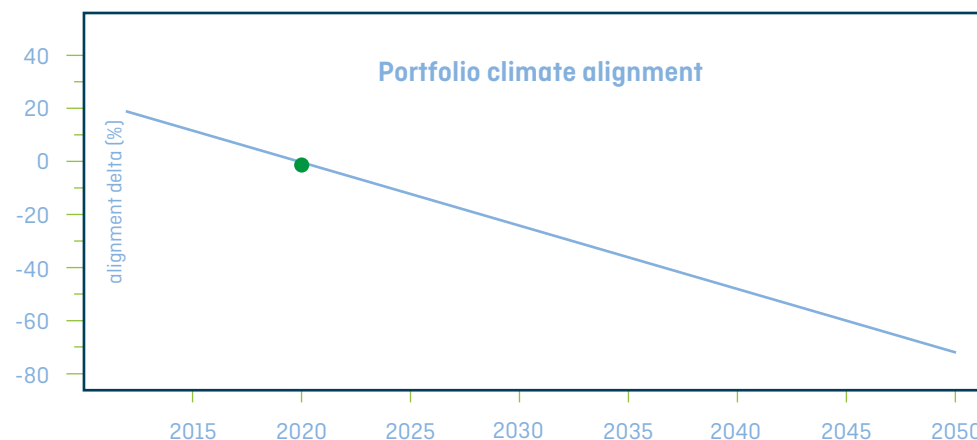


Nordea is proud to be part of the Poseidon Principles and we view the initiative as an important contribution in the decarbonization of shipping. We are pleased with response that we have obtained and with the impressive commitment that has been demonstrated from our clients. Nordea is committed to be transparent on the carbon footprint of our shipping portfolio and to work closely with our clients to ensure continuous decarbonization of the maritime sector to align with 2030 and 2050 targets.

Geir Atle Lerkerød and Thor- Erik Bech, Co-Heads of Shipping



Portfolio climate alignment score: **-1.1%**



OCBC Bank

Signatory as of December 2021



What are your key takeaways from your climate alignment score?

As a new signatory to the Poseidon Principles and measuring our climate alignment score for the first time, we have gained greater insights at the segmental and customer-levels. We are pleased with our inaugural scores but will continue to strive for greater climate alignment and collaborate with both our customers and fellow ship financiers, as maritime decarbonization requires the collective efforts of all stakeholders in the industry. The results will also allow us to drive meaningful conversations and foster close collaboration with our customers on their emissions reduction journey.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The portfolio climate alignment score provides us with a transparent and robust metric to measure and monitor our financed emissions within the maritime ecosystem. This, in turn, enables us to calibrate sustainability considerations into our lending assessment and create opportunities for meaningful conversations with our clients in their transition towards the future of responsible shipping.

The data provides additional and insightful vantage points which provide the Bank with better understanding of our customers' operations, strategies and decarbonization ambitions. We understand that this is a journey for the Bank and our customers and are committed to apply the data in such a way as to support our customers with appropriate banking solutions.

[Link to institutional report](#)

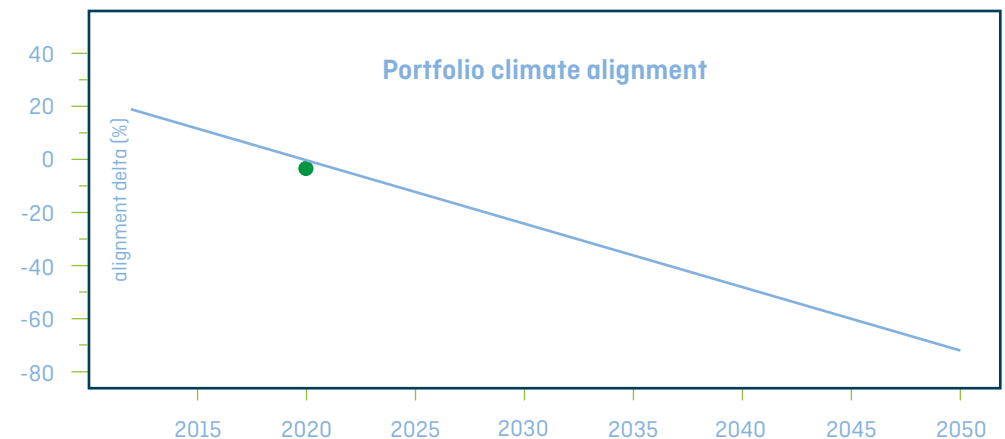


We are extremely proud to become a signatory to the Poseidon Principles; to be amongst leading global shipping banks who have agreed to collaborate on a common objective of responsible financing. We are pleased with our inaugural report of -1.8% below the Poseidon Principles' trajectory and are excited to be able to provide our customers with more concrete and actionable insights as a partner on their decarbonization journey. As the first bank in Southeast Asia to adopt the Poseidon Principles, OCBC demonstrates our strong commitment to progress responsible economic growth and sustainable development through financial solutions. We would like to take this opportunity to thank all our customers for their cooperation and support in making this possible.

Angeline Teo, Head, Global Transportation & Offshore, Global Corporate Banking



Portfolio climate alignment score: **-1.8%**



SEB

Signatory as of December 2020



What are your key takeaways from your climate alignment score?

Climate change is one of the biggest challenges of our time and as a bank we have an important role to play in supporting the global energy transition. SEB is pleased with the response from its shipping clients in collection of Poseidon Principles data, achieving 98% reporting rate in our first year of reporting. The climate alignment score came out close to what we expected, but the report shows variances between the different shipping subsegments. The results will enable us to align our decision processes, and thereby our lending portfolio, with the shipping industry's transition towards a low carbon future.

How will the Poseidon Principles influence your business activities and decision-making in the future?

SEB welcomes the Poseidon Principles, and the opportunity to join forces with other committed Signatories to reach the global emission targets for the shipping industry. We will use the outcome of this first reporting year to determine how this will be incorporated into our business strategy. The data from the Poseidon Principles reporting process will enable us to gain additional insight into our shipping portfolio and contribute to a fact-based dialogue with our customers regarding emission reductions. When evaluating new transactions, the Poseidon Principles data will be part of our decision material to ensure portfolio alignment with the relevant trajectories.

[Link to institutional report](#)

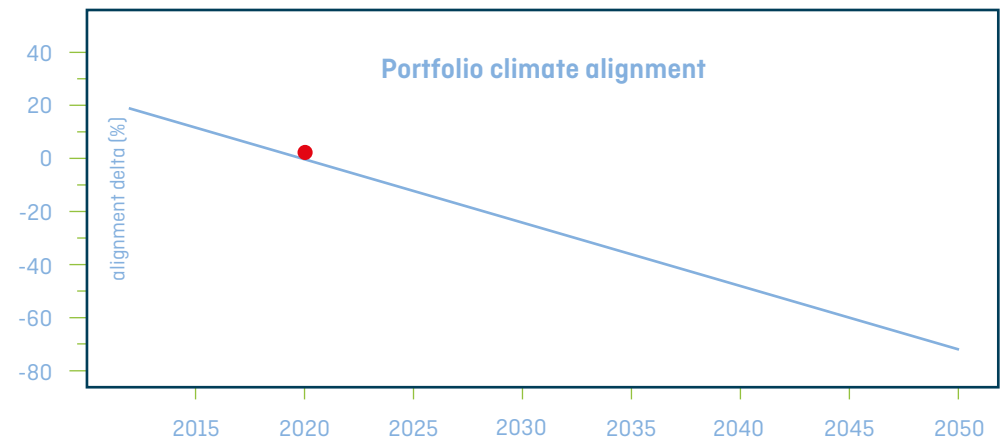


We experience that our customers are ready to make the transition towards a low carbon future and the Poseidon Principles will enable us to align our credit processes and thereby our lending portfolio with the shipping industry's transition path. We are pleased to join a group of world leading shipping banks in a new global framework for responsible ship finance.

Hans Christian Kjelsrud which is Global Head of Shipping Finance



Portfolio climate alignment score: 2.5%



SMBC

Signatory as of January 2021



What are your key takeaways from your climate alignment score?

SMBC’s shipping finance portfolio is diversified, both geographically and sector-wise. By joining the Poseidon Principles this year, we are gaining access to meaningful and consistent data which are helping us to understand the carbon intensity of our loan book, and the variances across asset types. We view these first results as a starting point, being conscious that the alignment targets will be harder to meet every year.

How will the Poseidon Principles influence your business activities and decision-making in the future?

The data collected will not only help us developing further the close work with our customers and other industry stakeholders in the shipping sector’s decarbonization journey, but it will also assist our decision-making process in an informed way. To achieve this, we look forward to analysing the results from our first reporting in greater details, and will monitor closely their evolution over time.

[Link to institutional report](#)

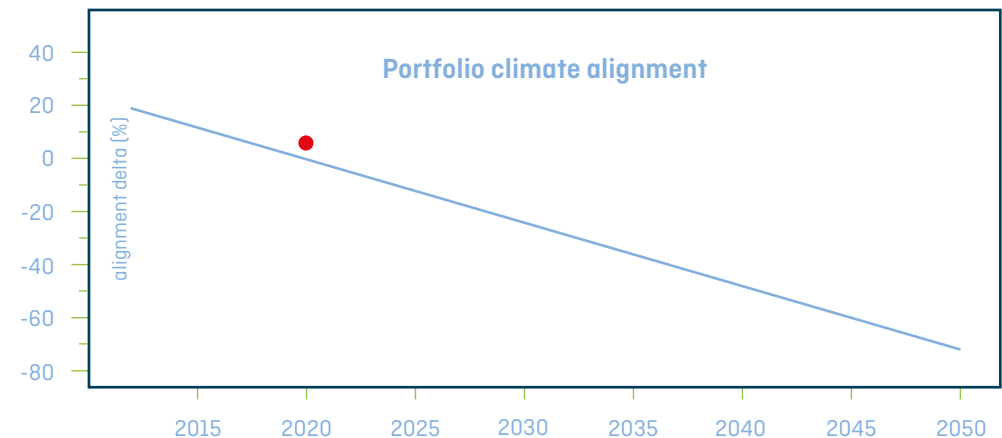


Joining the Poseidon Principles is a key milestone in SMBC’s maritime finance business, demonstrating our commitment towards supporting the shipping industry in its decarbonization efforts, in alignment with the wider objectives of SMBC to reduce overall carbon emissions. We are thankful to our customers who agreed to share their data with us, and look forward to continuing engagement with all relevant stakeholders to support the sector’s energy transition.

Guillaume Dufour, Head of Maritime Finance, EMEA



Portfolio climate alignment score: **6.6%**



SMFL

Signatory as of December 2020



What are your key takeaways from your climate alignment score?

Ships that were built between 2016 and 2020, especially a LNG fueled LNG carrier, contributed to make the portfolio climate alignment better. In the context of ship type and size categories, chemical tankers (20,000-39,999 DWT) also contributed to make the alignment better. On the other hand, it was difficult for bulk carriers to meet the trajectory values enhanced in the Technical Guidance Version 4.0.

How will the Poseidon Principles influence your business activities and decision-making in the future?

Since our ratification to Poseidon Principles, we have been making various decisions considering the effects on the Portfolio Climate Alignment. We continue to support our clients' decarbonization efforts through our products, including newly produced "Sustainability Linked Lease" which lease fee fluctuates according to the carbon dioxide reduction performance of the financing vessels.

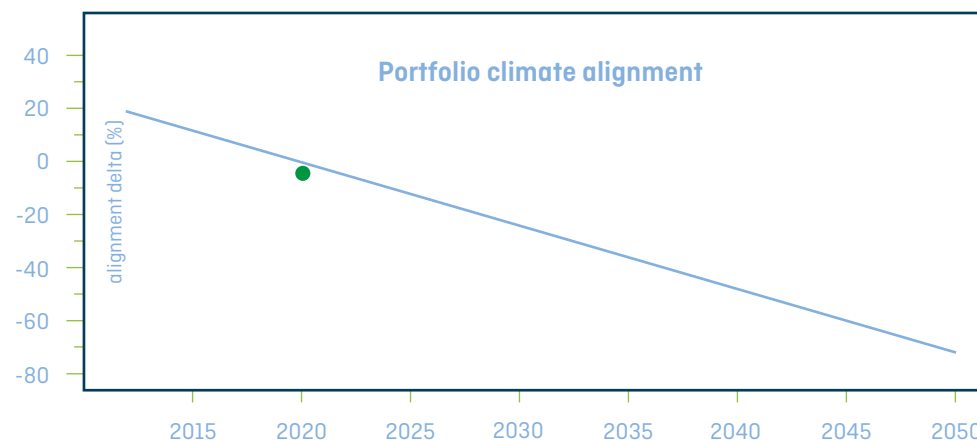
[Link to institutional report](#)

// **We proudly announce our 1st reporting under the Poseidon Principles framework. It is high priority issue for all of us to reduce the carbon footprint, including shipping industry which is on the transition to zero-emission. SMFL has committed to the shipping industries' successful decarbonization and to make the world more sustainable.**

Managing Executive Officer, Head of Transportation Business Unit,
Shinichiro Watanabe



Portfolio climate alignment score: **-4.0%**



SMTB

Signatory as of March 2020



What are your key takeaways from your climate alignment score?

Thanks to the support and cooperation of our clients, we have successfully completed the climate alignment calculation and are pleased to report the first-year result. We consider that our overall portfolio climate alignment score 2020 was broadly in line with our expectation and represented a reasonable result. Nevertheless, it has revealed significant variances among the various vessel types, by year of build and so on. For example, vessels that were built between 2016 and 2020 made an important positive contribution to the overall result. Since it is inevitable that the maritime industry will be forced to tackle climate change, we will be paying very close attention over the coming years to the Poseidon Principles calculation exercise in order to monitor the improvement of the climate alignment of our shipping portfolio over time.

How will the Poseidon Principles influence your business activities and decision-making in the future?

We believe that it is a very important step to understand the current status of our shipping portfolio in terms of its climate impact and the degree to which it contributes to decarbonization of the maritime industry. Granular analysis of our portfolio alignment score will help us to understand in detail how each vessel in the different sectors performs and will give us useful insights for the future sector-specific strategy for our shipping finance business. In addition to the single year result, the development of the portfolio alignment scores every year and the accumulation of data will provide valuable intelligence to enable us to shape our future high-level strategy across the maritime industry over the longer term.

[Link to institutional report](#)

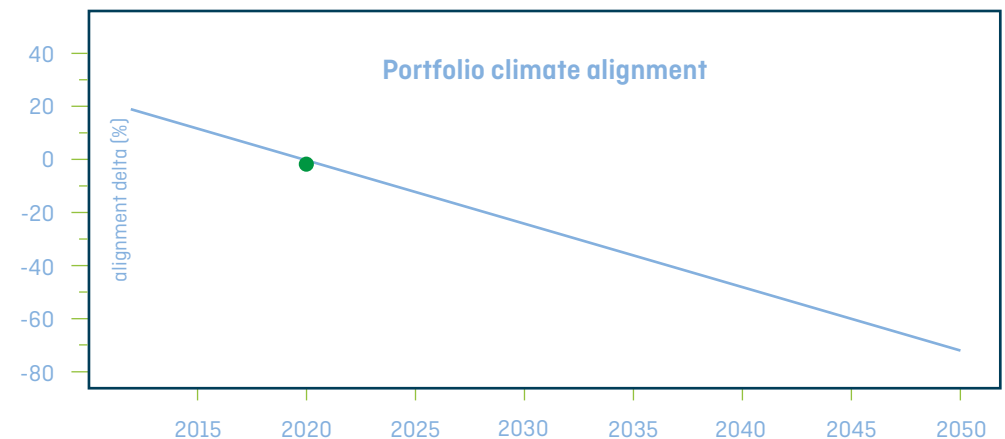


We are delighted to announce the first year result of the Portfolio Climate Alignment calculation. As one of the leading global shipping finance banks, we believe that we can continue to support our clients whilst also playing a significant role in encouraging decarbonization of the maritime industry. Our public Carbon Neutral Commitment and adherence to the Poseidon Principles is testament to that commitment.

Masaya Noda, Managing Executive Officer / Global Head of Ship Finance



Portfolio climate alignment score: **-0.8%**



SOCIÉTÉ GÉNÉRALE

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

Two factors have influenced Société Générale’s score: the new methodology and the consequences of the Covid-19 pandemic. The baseline emission intensity for passenger vessels, which was overestimated in the 3rd IMO GHG study, was lowered in the new edition. This resulted in more challenging targets to reach for these vessel types. In addition, passenger vessels have remained idle as global tourism was put to a halt. Their energy efficiency deteriorated due to little distance sailed despite lower carbon dioxide emissions in absolute terms. Meanwhile, container shipping demand has accelerated to meet global trade demand for goods.

Had last year’s methodology been used, and based on the carbon emissions of 94% of its shipping portfolio, Société Générale’s misalignment score for 2020 would have remained broadly stable at +2.9% relative to +2.05% in 2019. Furthermore, should we look at Société Générale’s cargo portfolio only, our misalignment score would be reduced to +3%.

How will the Poseidon Principles influence your business activities and decision-making in the future?

As a founding signatory of the Poseidon Principles, Société Générale reiterates its aim to work with maritime companies who have clear ESG strategies and high standards of maritime stewardship. The Bank considers climate alignment as a key element of its credit decision on every vessel financing. Since signing the Poseidon Principles initiative, Société Générale has been structuring loans to incentivise clients to operate their ships in the most efficient and environmentally responsible manner. This shows Société Générale’s strong commitment to accompany its clients during their decarbonization journey as well as our commitment to improving our own portfolio alignment in accordance with current and future IMO trajectories.

Does your institution have an internal decarbonisation target that is more ambitious than the PPs? If so, which one?

Société Générale fully supports the Paris agreement, and, as a signatory, other initiatives targeting Net Zero by 2050 such as the Call to Action for Shipping Decarbonization, the Getting to Zero Coalition and the Net Zero Banking Alliance. The Poseidon Principles are aligned with the IMO’s decarbonization targets which are likely to intensify in the near future to fully align with our wider targets on decarbonization.

[Link to institutional report](#)

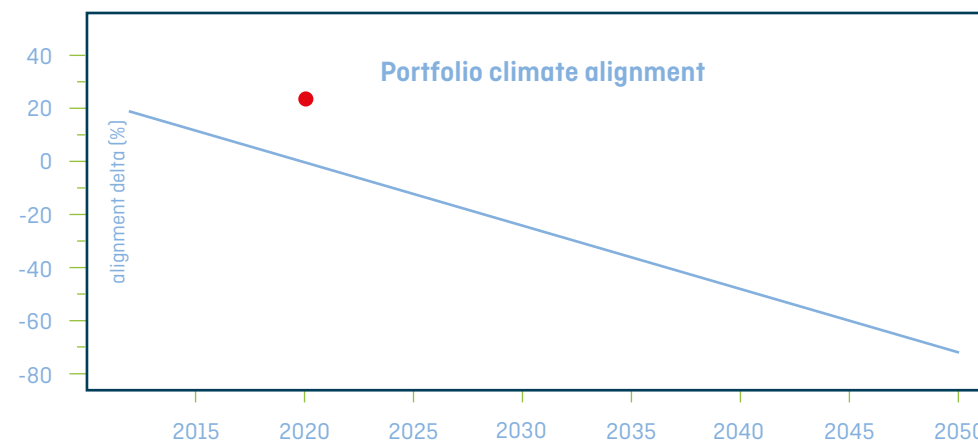


The challenges that the climate transition represents for the maritime industry are vast, and the commitment to rise to the challenge is reflected in the transparency of reporting across the sector. This brings with it accountability and forms a fundamental step towards a clear and concise framework within which the industry’s decarbonization targets can be achieved. I am extremely encouraged by the momentum of the shipping sector and the engagement of all stakeholders in the energy transition and addressing climate change. As a capital provider, Société Générale is committed to being part of the solution through leadership, innovation and responsible lending.

Paul Taylor, Global Head of Shipping & Offshore



Portfolio climate alignment score: **23.7%**



SPAREBANK 1 SR-BANK

Signatory as of November 2020



What are your key takeaways from your climate alignment score?

The 2020 Poseidon Principles reporting is the first undertaken by SpareBank 1 SR-Bank ASA. The process of collecting data and doing all the calculations until we arrived at the final score, has provided us with a good foundation to better understand the portfolio climate risk. We are also very pleased that our clients have willingly shared data with us, and therefore we have reached a high disclosure rate.

Prior to signing up to the Poseidon Principles, SpareBank 1 SR-Bank ASA, had limited information on the AER of our portfolio. We are however, pleased to confirm that our portfolio is below the decarbonization trajectory.

How will the Poseidon Principles influence your business activities and decision-making in the future?

Having completed the first reporting of our portfolio score, we now have quantitative data on which to engage with our clients and other stakeholders. In the future we will assess the carbon footprint of vessels we plan to finance as part of our overall client assessment.

We are not saying that we will not finance vessels that don't meet the trajectory, but we will use the data to engage in discussions with clients and encourage them to impliment necessary improvements towards meeting the targets, where possible.

[Link to institutional report](#)

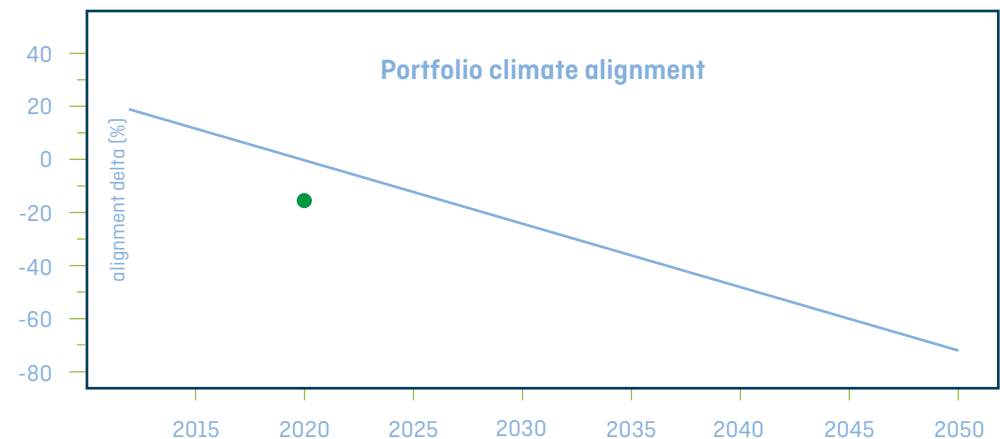


SpareBank 1 SR-Bank ASA's ambition is to be an ally to our customers in their work to reduce the environmental impact of their activities. In this respect we see the Poseidon Principles as a tangible and practical tool to monitor the progress we make together with our customers in the Norwegian shipping community. We are pleased to submit our first results and are impressed by a response rate very close to 100 %. We see this as a confirmation of the importance our borrowers place on reducing their carbon footprint.

Stig Horsberg Eriksen, Head of shipping



Portfolio climate alignment score: **-15.6%**



SPAREBANKEN VEST

Signatory as of September 2019



What are your key takeaways from your climate alignment score?

We are happy to see a substantial improvement from 2019, although deriving mostly from changes made to the decarbonization trajectories for many of our segments. Our results for 2019 were also negatively impacted by a categorization error for one of our segments. We believe that awareness and transparency has helped both ourselves and our customers in making more sustainable decisions.

How will the Poseidon Principles influence your business activities and decision-making in the future?

Sustainability is an integral part of every lending decision in Sparebanken Vest. We have an increasing number of loans with Sustainability links towards AER and AER data (especially over time) gives us a helpful tool to start the dialogue with the customer, pinpoint challenges and possibilities, and set ambitious targets. Our impression is that shipping companies welcome increased transparency in all ongoing efforts to decarbonize the industry.

Does your institution have an internal decarbonisation target that is more ambitious than the PPs? If so, which one?

Net zero in 2040.

[Link to institutional report](#)

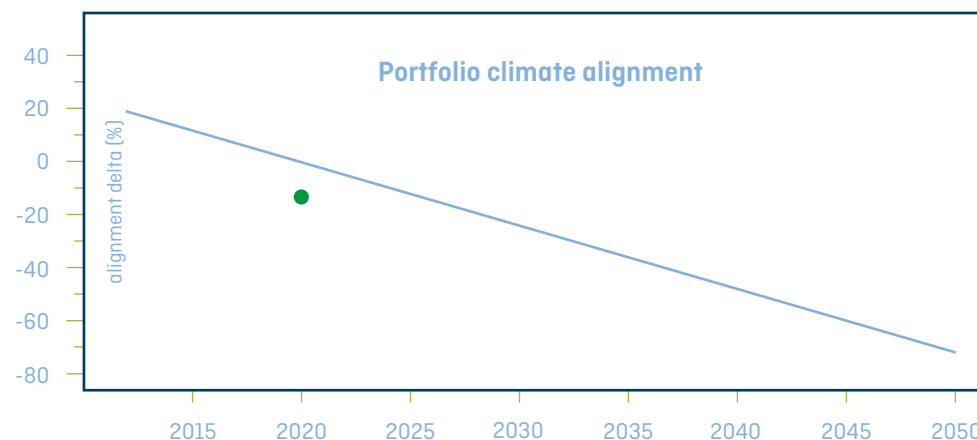


We are pleased to see improvements in our score compared to 2019 but are also aware of the big challenges that lie ahead of us. We remain impatient to establish sufficiently ambitious targets for the industry. We have joined the “Call to Action” initiative which aims to decarbonize international shipping by 2050, and Sparebanken Vest has also committed to reach net zero emissions already in 2040. Sparebanken Vest will continue to work towards our ambitious targets and look forward to working closely with Poseidon Principles in order to reduce emissions from the shipping industry.

Ragnhild Janbu Fresvik, Group Director, Commercial Banking



Portfolio climate alignment score: **-14.5%**



Key terms

AER means the Annual Efficiency Ratio, a carbon intensity metric calculated in accordance with Equation 1 as set out in Section 2.1 of the Technical Guidance.

Carbon intensity is the representation of the total operational emissions generated to satisfy a supply of transport work (grams of CO₂ per tonne-nautical mile [gCO₂ / tnm]). The Poseidon Principles use the AER metric for this calculation.¹

Climate Alignment is the degree to which a vessel, product, or portfolio's carbon intensity is in line with a decarbonization trajectory that meets the IMO ambition of reducing total annual GHG emissions by at least 50% by 2050 based on 2008 levels.

Decarbonization trajectories are a representation of how many grams of CO₂ a single ship can emit to move one tonne of goods one nautical mile (gCO₂/tnm) over a time horizon. There is one decarbonization trajectory for each ship type and size category. This ensures that ships are compared on an apples-to-apples basis given carbon intensities vary as a function of ship type and size. These are developed for the Poseidon Principles Signatories by UMAS.²

EEOI Efficiency Operational Indicator, developed by the IMO in order to allow shipowners to measure the fuel efficiency of a ship in operation.

IMO is the International Maritime Organization, a specialized agency of the United Nations, and the global standard-setting authority for the safety, security, and environmental performance of international shipping.

IMO DCS is the IMO's MARPOL Annex VI Data Collection System for Fuel Consumption.

¹ See Section 2 of the Poseidon Principles Technical Guidance for additional information about climate alignment and methodology of the calculations.

² See also Appendix 3 of the Poseidon Principles Technical Guidance for more information.

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