

A uniform approach and message towards our clients

SUMMARY

The maritime sector provides efficient economic services that play a key role in enabling the growth of global trade and economic development. However, this has not been without some adverse social and environmental consequences unique to the maritime sector. The continued success of the maritime sector is intrinsically linked to the well-being and prosperity of society, and all industry participants must play a role in addressing these adverse factors.

The Poseidon Principles create common global baselines that are consistent with and supportive of climate goals to better enable financial institutions to align their portfolios with responsible environmental impacts. We will apply the Principles in all business activities that are credit products secured by vessel mortgages or finance leases secured by title over vessel and where vessels fall under the purview of the International Maritime Organization (IMO).

The Principles are consistent with the policies and ambitions of the IMO, including its revised 2023 GHG Strategy that aims for net-zero emissions from international shipping by or around 2050.

THE PRINCIPLES AND THEIR REQUIREMENTS

The requirements for signatory financial institutions fall under the following four Principles:

1. Assessment

On an annual basis, signatories will measure the emission intensity of their shipping portfolios and assess their climate alignment relative to established decarbonisation trajectories. This assessment is based on a robust industry-appropriate methodology outlined in the Technical Guidance¹.

2. Accountability

Signatories will rely on the IMO standards and Recognized Organizations (RO), along with data types, data sources, and reporting pathways for the provision of identical, unbiased information in all steps of assessing climate alignment as identified in the Technical Guidance. This includes honouring mandatory IMO regulations for collecting and reporting fuel oil consumption information in the IMO Data Collection System (DCS).

3. Enforcement

Signatories will include a covenant clause, or a binding agreement, in all new shipping business activities which ensures access to high quality data and compliance with the Poseidon Principles. Signatories commit to working with clients to gather the necessary information to assess climate alignment.

4. Transparency

Signatories will publicly acknowledge their participation in the Poseidon Principles and publish their climate alignment scores in the Poseidon Principles Annual Disclosure Report and their own corporate reports each year.

¹ See the Technical Guidance [here](http://www.poseidonprinciples.org/finance), on the Resources page of <http://www.poseidonprinciples.org/finance>.

STANDARD COVENANT CLAUSE

The purpose of the standard covenant clause is to simplify the loan process by standardising the information gathering requirements across signatories and clients. This is intended to ensure clients have a comprehensive understanding of the data process. While standard LMA documentation legally covers these elements already, the addition of a standard clause to new agreements outlines the consent for data collection and the privacy protections established through the Poseidon Principles.

SOURCING THE DATA

To enhance implementation and ease administrative burden, the Poseidon Principles are based on information already prepared and submitted under the IMO DCS. For more information on data sourcing and information flows, see Section 3.3 of the Technical Guidance.

WHAT IS THE IMO DCS?

The IMO Data Collection System, was adopted by [resolution MEPC.278\(70\)](#), which entered into force on 1 March 2018. This regulation requires shipowners to collect and report per calendar year for ships which are 5,000 gross tonnage and above engaged in international trade:

- 1) The amount of fuel consumption for each type of fuel in metric tonnes,
- 2) Distance travelled,
- 3) Hours underway, and
- 4) Technical characteristics of the ship including design deadweight.

Clients will not be required to perform any calculations, but simply to share information already collected for the purposes of the IMO.

STATEMENT OF COMPLIANCE

The Statement of Compliance (SoC) is issued by a flag state or an RO on behalf of the flag state to the ship confirming its compliance with the IMO DCS. This occurs no later than 5 months from the beginning of the following calendar year (i.e., for the calendar year 2024, it would be issued by the end of May 2025).

Once the RO or flag state has verified the data submitted and issued the SoC, that ship is compliant. The SoC is available in Appendix X of [resolution MEPC.278\(70\)](#).

ABOUT CLIENT AND DATA PRIVACY

The data reported to the IMO database through the IMO DCS regulation is confidential and cannot be accessed by the signatories. Data from the IMO DCS is given to the signatory via a third-party. Likewise, the information that signatories report to the Poseidon Principles Association is also confidential between clients and their loan provider. Confidential information is not shared between signatories. Clients and vessels within a signatory portfolio are not disclosed or shared.

Signatories may decide to report additional information in their own sustainability reports, such as average ship type and size in the portfolio or trends in alignment scores over time, but loan and client information remain confidential throughout this process.

SIGNATORY EXPECTATIONS

Signatories expect that their clients:

1. Accept the covenant clause,
2. Provide the necessary data, as already done in compliance with regulations, and;
3. Provide the Statement of Compliance, as already provided when in compliance.

Signatories are happy to have further discussions to answer any questions clients have.

THE AMBITION OF THE POSEIDON PRINCIPLES

The ambition of the Poseidon Principles is to gradually see the climate alignment of shipping portfolios align with the decarbonisation trajectories and the goals set by the IMO. Ultimately, signatories wish to see a carbon-neutral and decarbonised maritime sector.

The Poseidon Principles are particularly interesting for signatory banks as we see the Principles as an opportunity to work with our customers to initiate conversations which lead the transition to a greener industry. Signatories will open a dialogue with clients so that solutions can be discussed together. Having these conversations allows for everyone to distinguish between efficient and inefficient vessels and activities in order to make the most financially secure and environmentally conscious decisions in maritime finance.

Additional detailed discussions on vessels, information regarding alignment, retrofitting, and similar topics will be explored as this information becomes more readily available.

TIMELINES FOR DATA REPORTING AND SHARING

The timelines below illustrate the overall data sharing processes for both clients and signatories. The boxes above the timeline are for the shipowners and clients and the boxes below are for signatories.

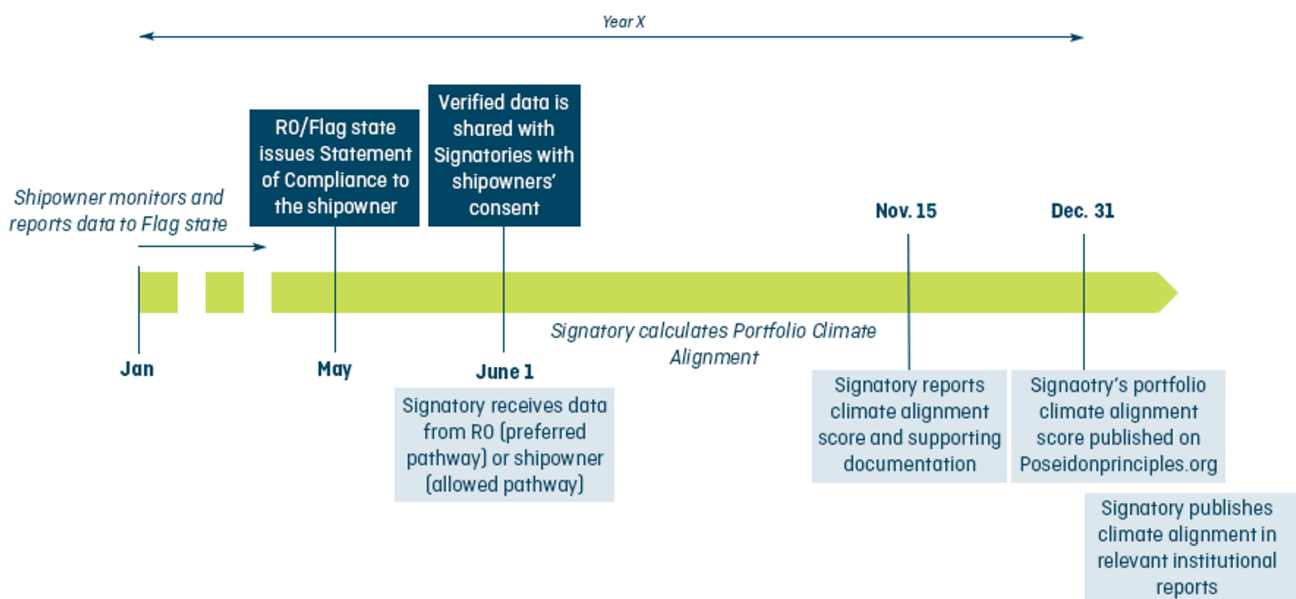


Figure 1: Timeline for clients and signatories of the Poseidon Principles for any given year.

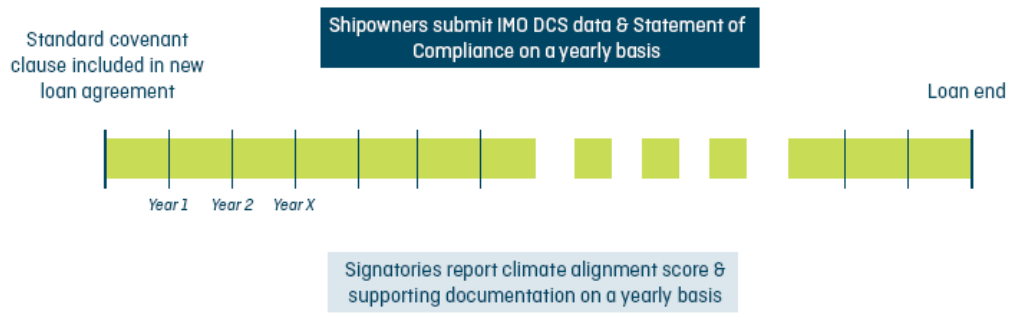


Figure 2: Timeline for clients of signatories of the Poseidon Principles for the duration of the loan