



POSEIDON PRINCIPLES

Annual Disclosure Report 2022



December 2022

Poseidon Principles

Amaliegade 33 B, 3rd floor
1256 Copenhagen K
Denmark

www.poseidonprinciples.org
info@poseidonprinciples.org

© Poseidon Principles

Foreword

We are pleased to introduce you to the Poseidon Principles third Annual Disclosure Report. When the initiative was launched in June 2019, we intended to create a robust framework for integrating climate considerations into lending decisions that would contribute to international shipping's decarbonisation and over time become a recognized standard in the maritime industry. Today, we share with you the progress we have made.

When disclosing the climate alignment scores of our ship finance portfolios for the first time in December 2020, the Poseidon Principles collectively covered over a third of global ship finance. The first Annual Disclosure Report showed how 15 of our portfolios compared to the IMO's goal of reducing greenhouse gas emissions from international shipping by at least 50% by 2050. Two years later, the framework covers more than two-thirds of the global ship finance portfolio, and the following pages present the scores of 28 major financial institutions. We invite our peers in the financial sector to join us to maintain our collective impact.

Apart from the growing number of bank Signatories, we have also increased the amount of information disclosed this year. Based on last year's learnings, we made our disclosure more granular – to demonstrate to which extent our portfolios are covered by the climate alignment score and to better reflect differences between climate alignment scores for cargo ships and passenger ships. The results for 2021 continue to reflect

the impact of COVID on supply chains (container sector) and passenger shipping (cruise in particular). The impact on individual Signatories is determined by their portfolio mix. We have also decided to exclude any Russian exposure from our report this year given legal issues preventing access to the relevant data for most Signatories.

The science underpinning our work is clear. Climate ambition within the industry is increasing, and the pressure from stakeholders to decarbonise is getting stronger. In September 2022, we announced our commitment to align our framework with the temperature goal of the Paris Agreement and reaffirmed the Poseidon Principles' prominent role in incentivising and supporting the decarbonisation of shipping.

Shipping decarbonisation is too big and complex a task for any stakeholder to accomplish in isolation but, together, we can make progress. By bringing climate alignment into our credit decisions, we are able to better mitigate climate risk within our business whilst supporting and incentivising our clients in their zero-emission journey. We have also seen how the Poseidon Principles have inspired other sectors, with the launch of the Poseidon Principles for Marine Insurance in late 2021, and the Sustainable STEEL Principles in autumn 2022.

This report is, once again, a testament to our

commitment. It is a conclusion of efforts that start every year in May with data collection from our clients – who are increasingly ready to share information in pursuit of our collective goal – and culminate in publication in December. For many of us, this is already our third disclosure, which has given us time to develop our internal processes as well as implement enhanced business strategies influenced by the data behind our portfolio scores. For the four Signatories who are reporting for the first time, we congratulate them on their achievement.

December 2022



Michael Parker

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



Paul Taylor

Vice Chair, Poseidon Principles
Global Head of Maritime Industries, Société Générale



Table of contents



1
Introduction
6

3
**Climate alignment and
decarbonisation trajectories**
16

2
**Supporting global shipping
decarbonisation**
10

4
Reporting results
18

5
**Fulfilling the Signatory
requirements**
22

Key terms
51

References
52

Acknowledgements
53

1. 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.

By becoming Signatories, financial institutions commit to transparently report their portfolio climate alignment on an annual basis. In this, 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.

The Poseidon Principles 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 global climate-related goals. They not only help the Signatory institutions improve strategic decision-making 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 International Maritime Organization (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 data from IMO Data Collection System - (IMO DCS)).

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 2021 Annual Disclosure Report](#)

→ [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 decarbonisation 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 standardised covenant clauses. We will contribute to the update and addition of standardised 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



30 leading banks, jointly representing a bank loan portfolio to global shipping of over USD 200 billion, have come together to commit to the Poseidon Principles.

→ See all Signatories [here](#)

Steering Committee

ABN Amro – Anastassia Tcherneva, Head of Shipping Clients & Florin Boros, Senior Director, Transportation EMEA

BNP Paribas – Vincent Pascal, Head of Shipping & Offshore Finance EMEA

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

Crédit Agricole – Thibaud Escoffier, Global Head of Ship Finance

Credit Suisse – Mark Bamford, Director

Danish Ship Finance – Michael Frisch, Director, CCO

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)

Standard Chartered – Heng Chih Chwen, Director, Shipping Finance & Ryan W. Bjorkquist, Director, ESRM

SuMiTrust Bank – Masaya Noda, Head of Shipping

→ [Learn more about the governance of the Poseidon Principles](#)

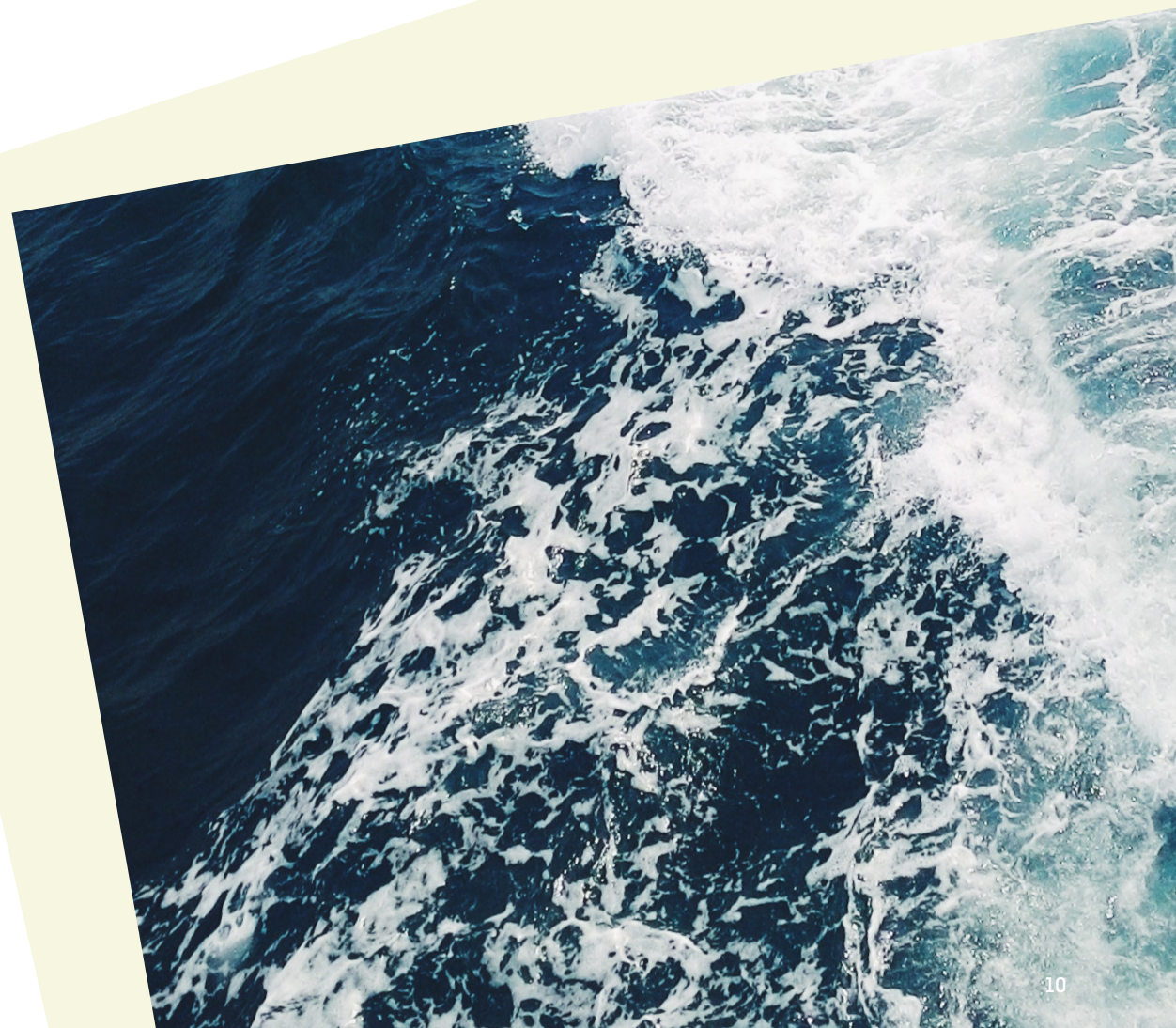


2. Supporting global shipping decarbonisation

The Annual Disclosure Report 2022 marks the third time Signatories publicly report their climate alignment scores. The initiative has grown in number as well as in impact, with 30 Signatories from 13 different countries together representing over 65% of the global ship finance portfolio, thus, setting an example for the rest of the industry to follow.

This report collates data reported by 28 Signatories for their activities throughout 2021. This period was far from usual as the world faced several challenges, ranging from recovering from a global pandemic, and climate change leading to more extreme weather events, all this whilst the international shipping industry found itself under increased public scrutiny.

Shipping transports over 80% of global trade while producing around 3% of global greenhouse gas (GHG) emissions. The imperative for the sector to decarbonise presents major challenges as well as business opportunities and will require a coordinated full value chain effort. The Poseidon Principles are an integral part of this undertaking.



Shipping decarbonisation requires both policies and industry action

Industry action and **policy support** from governments and international regulators are essential ingredients for shipping to decarbonise in line with society's expectations. Since the publication of the last Poseidon Principles Annual Disclosure Report, there has been significant progress from industry and national governments, as well as positive developments at the International Maritime Organization (IMO)¹.

Firstly, on the **industry action side**, concrete signals of change and increased ambition across several maritime segments are visible. The rapid growth of coalitions, voluntary initiatives, and pilot projects clearly illustrates this drive towards zero GHG emissions - with **over 200 pilot and demonstration projects** to develop zero-emission shipping fuels or vessels in the pipeline as of early 2022, increased efforts focusing on developing and further refining low and zero emission ship technologies, fuel production, as well as bunkering and infrastructure.

Another concrete cross-sectoral example of industry action is the emergence of **maritime Green Corridors** which are specific shipping routes where the technological, economic, and regulatory feasibility of zero-emission shipping is catalysed by public/private actions. Since the launch of the Clydebank Declaration at COP26, more than twenty **Green Corridor Initiatives** have been announced.

These may prove to be a key mechanism to help the industry reach a tipping point and enable rapid decarbonisation from 2030 onwards.

On the **demand side**, more and more stakeholders (cargo owners, retailers, brands, etc.) are calling for greener supply chains and committing to reduce emissions across their value chain, thereby sending strong collective demand signals. One example is the **Cargo Owners for Zero Emissions Vessels (coZEV)**, with around 20 leading container customers including Amazon, Unilever, and IKEA committing to transition their ocean freight to zero emission by 2040 and showcasing concrete actions to achieve this.

¹ According to the Climate Action in Shipping Report - Progress towards Shipping's 2030 Breakthrough.

Shipping at COP27

Shipping was also high on the agenda at COP27 compared to previous COPs with more than 40 events focusing on shipping decarbonisation. The industry is increasingly garnering attention in the global climate and renewable energy agenda. One prominent example being the United States and Norway launching the Green Shipping Challenge, following President Biden's call to action to build on the progress achieved at COP26 in June 2022². It includes more than 40 announcements from countries, ports, and companies on the actions they are taking to help align the shipping sector with the goal to limit global temperature rise to 1.5°C. Still, during COP27, the Poseidon Principles were highlighted as a key initiative contributing to shipping decarbonisation through several events and statements³.

Secondly, on **the policy side**, the regulatory landscape in support of shipping's decarbonisation is evolving significantly both at an **international level and regional level**. Concretely, the United Nations regulatory body for shipping, the IMO, has finalised details of short-term measures targeting the reduction of existing ships' carbon intensity and improving their energy efficiency: the Energy Efficiency for Existing Ships Index (EEXI) and the Carbon Intensity Indicator (CII) to enter into force 1 January 2023. Furthermore, the IMO is expected, at the 80th Marine Environment Protection Committee (MEPC) in July 2023, to adopt a revised GHG Strategy with a strengthened ambition. This will be followed by developing concrete policy measures to reach the IMO's levels of ambition, potentially including a GHG fuel standard and a carbon price mechanism.

On the **national and regional levels**, there have also been a number of policy initiatives aimed at spurring action to decarbonise shipping, including support schemes like those in the US Inflation Reduction Act as well as regulatory initiatives, the most prominent example being the European Union's 'Fit for 55' package⁵. The latter includes several proposals that will impact shipping, with major measures being the inclusion of shipping in the EU Emissions Trading System (EU ETS) and the FuelEU Maritime, which is expected to require merchant ships operating in European waters to reduce the carbon intensity of the fuels they use. Initially, the carbon intensity reduction will be modest with proposals for 2% by 2025 and ramping this up over time, reaching 80% by 2050 compared to 2020 levels.

² During the Major Economies Forum on Energy and Climate
³ A Climate-Smart, Sustainable and Resilient Maritime Sector, Joint Statement, November 2022

⁴ To learn more, see chapter 3 of this report

⁵ In July 2021, the European Commission put forward a package of proposals to make the EU's climate, energy, land use, transport and taxation policies fit for reducing net GHG by at least 55% by 2030, compared to 1990 levels.

All actors are needed on board, including the financial institutions

As shown above, many actors are ready to move on to shipping decarbonisation. The efficiency of global seaborne trade makes the maritime sector a key enabler of global trade. Given its scale and need for zero-emission fuels, shipping could act as a catalyst for the global energy transition.

Financial institutions continue to be actively involved in supporting the transition to a net-zero future. The financial markets can help de-risk investments as well as support and incentivise clients and business partners in the global transition of the maritime sector to net-zero emissions. While ship finance cannot decarbonise the shipping industry on its own, it can and should play a significant role through transparent disclosure of environmental impacts of ship finance portfolios, providing transition financing to shipping customers, or engaging with shipping clients to encourage more sustainable practices.



Poseidon Principles: moving forward

As such, the Poseidon Principles offer Signatories insight into their lending portfolios and provide them with the opportunity to further investigate their environmental impact, work with their clients to address challenges in their sustainability efforts, and thus proactively shape the strategic direction of their financing activities.

Moreover, the Poseidon Principles serve as a model for leadership throughout the shipping and financial sectors, one that has already inspired two similar initiatives: for cargo owners – the Sea Cargo Charter – and for insurers – the Poseidon Principles for Marine Insurance. The Poseidon Principles are likely to inspire further agreements between financial institutions in other high-emitting sectors, such as the recently launched Sustainable STEEL Principles – a climate-aligned finance agreement to support steel sector decarbonisation modelled after the Poseidon Principles.

The Principles were never envisaged to be static. On the contrary, continuous development ensures that the Poseidon Principles remain strong over time and evolve with the availability of new data, new research, and new globally agreed goals. In keeping with this principle, Signatories committed, in September 2022, to aligning the Poseidon Principles with the ambition of the Paris Agreement and the latest available climate science.

Poseidon Principles paving the way for 1.5-aligned emissions benchmarking

“We believe there is no time to lose and are ready to play our part in supporting global efforts towards decarbonisation.”

On September 22, 2022, the 30 Signatories along with 17 marine insurance providers and brokers announced in a common statement that both Poseidon Principles initiatives will add additional trajectories to report climate alignment with a 1.5°C future. This new commitment will align the Poseidon Principles with the ambition of the Paris Agreement and the latest available climate science.

Members of both of the initiatives have committed to adopting an emissions reduction trajectory in line with net-zero commitments, as soon as such a trajectory or trajectories become available, enabling them to benchmark their portfolios against two trajectories⁶:

- The existing ones aligned with the IMO’s 50% reduction by 2050.
- A new one aligned with net zero by 2050 and a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, to meet the temperature goals of the Paris Agreement.

By making this announcement, the Signatories to the Poseidon Principles wish to signal support for a 1.5°C-aligned future.

Once implemented, this new trajectory will give Poseidon Principles Signatories real emissions-based insight into how their portfolios align or misalign with this goal, overcoming the first obstacle to climate action: having a clear picture of where Signatories currently stand compared to the target. Tracking portfolio alignment year over year will enable Signatories to work with clients towards this goal on a basis of tangible data.

⁶ The existing trajectories will also be evaluated following the expected adoption of the Revised IMO GHG Strategy at MEPC 80 in July 2023, including raising its levels of ambition. For the second trajectory to be consistent with a 1.5°C future, the scope will be expanded to include all GHG species, and to account for well-to-wake emissions.



From left to right: Paul Taylor, Vice-Chair, Poseidon Principles; Michael Parker, Chair, Poseidon Principles; Patrizia Kern, Chair, Poseidon Principles for Marine Insurance; Rolf Thore Roppestad, Vice-Chair, Poseidon Principles for Marine Insurance.

3. Climate alignment and decarbonisation 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 respective decarbonisation trajectory. Figure 1 shows a stylized depiction of a decarbonisation 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 decarbonisation trajectory.

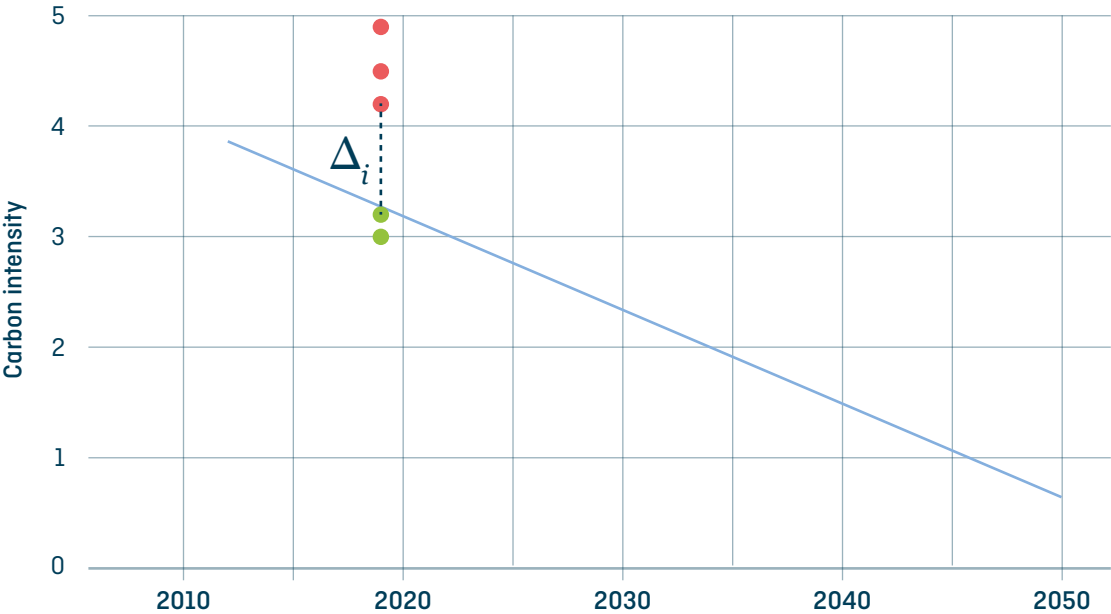


Figure 1.
Assessing alignment at the vessel level

Future considerations and revisions to the Poseidon Principles decarbonisation trajectories

The Poseidon Principles methodology is intended to evolve as and when the IMO creates new policies and to reflect the latest available bodies of evidence with regards to the decarbonisation trajectories and overall methodologies.

The IMO has launched a rating system called CII (Carbon Intensity Indicator) that measures how efficiently a ship transports goods or passengers. It is given in grams of CO₂ emitted per cargo-carrying capacity and nautical mile. This will be a mandatory measure under MARPOL Annex VI, which comes into force in 2023, and will impact all cargo, RoPax, and cruise vessels above 5,000 gross tonnage (GT) trading internationally. The first reporting of the CII based on 2023 data is due no later than 31 March 2024.

Given that CII is also based on the Annual Efficiency Ratio (AER) – i.e. the carbon intensity metric used in the Poseidon Principles methodology – understanding the similarities and differences between the two schemes is important to assess implications for Signatories. While both CII and the Poseidon Principles use the same metrics (AER and Capacity Gross ton Distance -cgDist) and data source for reporting (IMO DCS), the main differences include:

- **Rate of carbon intensity reduction.** The MEPC has defined carbon intensity baselines based on 2019 DCS data which will be reduced gradually by 11% in 2026. This rate of reduction is less ambitious than the current Poseidon Principles trajectory which expects an 18% reduction by 2026.
- **Obligatory and enforceable.** CII has been adopted by the IMO and applies to all vessels above 5,000 GT. Missing targets for annual carbon intensity repeatedly carries a requirement for planning of corrective action.
- **Rating system.** CII gives a rating to each vessel's annual performance on a scale from A to E. These results are not published. While the Poseidon Principles do not disclose alignment down to a vessel level, the Signatories' overall weighted alignment score is disclosed.
- **Baseline definition.** The required carbon intensity values are defined by continuous baselines for CII, which relate carbon intensity and vessel size. Currently, the Poseidon Principles use discrete carbon intensity benchmark values per ship type and size category, presenting a challenge for alignment, especially for vessels at the edges of existing vessel categories. A change to the continuous baselines for Poseidon Principles will be considered in the coming year as part of the ongoing development process.

As the points above elucidate, the two schemes set out to achieve different purposes and are targeted at different sectors of the industry. However, they are being used in parallel and therefore, it is important to understand and appreciate their differences and similarities.

Outcomes from MEPC 80 will be followed in order to determine how the IMO's revised emission reduction target relates to the new Poseidon Principles ambition.

Expansions in the reporting

Transparency is one of the four principles guiding this initiative. Disclosing more granular information contributes to increased transparency. To that end, in this year's report, some expansions into the data disclosed have been introduced. These include the disclosure of:

1. **Signatories' reporting percentage.** This figure provides the proportion of activities reported and is calculated against the percentage of a Signatory's debt in their portfolio. Signatories can share actions taken to improve this score over time.
2. **Distinct climate alignment scores for cargo and for passenger vessels (on a voluntary basis).** This intends to better reflect differences in the makeup of Signatories' portfolios.

4. Reporting results

In this Poseidon Principles Annual Disclosure Report 2022 based on 2021 data, 28 Signatories have disclosed their overall vessel finance portfolios' climate alignment scores. This represents an additional five banks reporting this year. The results show that seven portfolios were aligned with the IMO's Initial GHG Strategy, representing a quarter of Signatories.

The simple average score was +9.7%; the average of all the reported climate alignment scores calculated with each score being assigned equal importance. Signatories' scores ranged from -12.5% to +57.3%, with 14 having a score of +5% or less.

This year and for the first time, Signatories also publicly disclosed the proportion of their activity reported, against the percentage of their debt in portfolio for 2021 data. The simple average proportion of activity reported across all the Signatories was 91%⁷, with three Signatories reporting activities at 100%. All Signatories reported activities upwards of 50%, with 19 reporting activity for more than 90% of their fleet. This demonstrates that the Poseidon Principles have become a widely accepted standard for data sharing.

Additionally, Signatories could, on a voluntary basis, report individual climate alignment scores for their cargo vessels as well as their passenger vessels.

13 Signatories reported their cargo vessels finance portfolio's climate alignment score. The results show that four cargo vessels portfolios were aligned with the IMO's Initial GHG strategy, representing a third of the results. Their simple average score for their cargo vessels finance portfolio was +0.8%; with Signatories' scores ranging from -10.7% to +7.4%. Nine of them had a score of +5% or less.

Similarly, nine Signatories reported their passenger vessels finance portfolio's climate alignment score. The simple average score for their passenger vessels finance portfolio was +46.6%; with Signatories' scores ranging from +26.8% to +82.8%.

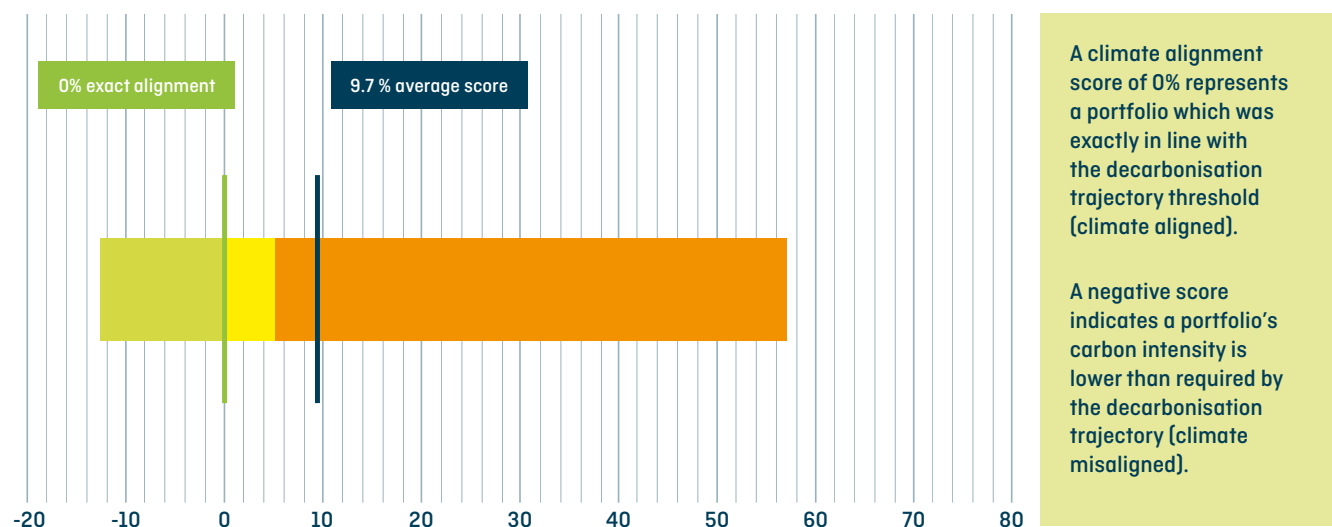


Figure 2.

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 +9.7% to show the average, and the yellow box to represent 5% or less.

⁷ This percentage was updated in January 2023, after the publication, from 88% to 91% as a result of a change in one Signatory's data set.

Different factors can influence a portfolio's climate alignment

At the portfolio level, a ship finance portfolio can be aligned as a result of a high volume of aligned vessels, high loan values associated with aligned vessels, or a combination of these factors. To the extent that vessels within a particular vessel type resemble its global fleet peer equivalent, a Signatory's portfolio score would be influenced by a higher exposure to vessel types which performed better, or worse, than other vessel types on average. Additionally, a smaller number of vessels in a portfolio increases the sensitivity of high or low climate alignment scores of individual vessels, particularly if those vessels 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. This can be observed in certain individual Signatory pages where they have provided all three scores: their overall climate alignment score, their climate alignment score for cargo vessels, and their climate alignment score for passenger vessels.

At the vessel level, different vessels perform relatively better, or worse, when comparing their decarbonisation trajectories. This can be explained by their age, which in some vessel types can

sometimes be a proxy for technical efficiency, how they were operated, and the baseline trajectory value per vessel type/size category they are starting from.

COVID-19 continues to impact climate alignment

As highlighted in the previous section and in some of the Signatory's individual pages, relative to 2020's scores, 2021's climate alignment scores were marked by continuous COVID-19 induced impacts on shipping, both on different vessels and vessel types. Most Signatories with high misaligned scores attribute this to the passenger vessel segments, as these services were still recovering from the impact of the pandemic in the first half of 2021. Many of these passenger vessels are higher value than freight carrying vessels and can be associated with large debt exposure; therefore, even a portfolio with a small number of passenger vessels can be strongly negatively affected overall. However, seeing cruise and passenger shipping starting to recover and vessels returning to operation, these Signatories are optimistic for 2022.

As for cargo vessels, Signatories have attributed their misaligned scores to supply chain disturbances, including higher-than-normal waiting times, higher shipping speeds and port congestion resulting from the increasing shipping activities post-COVID-19 restrictions around the world.

Reflecting on the disclosure of more granular scores, some Signatories highlighted how this data provided useful insights and enabled them to better reflect differences in the makeup of their portfolios. Generally, in addition to a vessel's technical characteristics, many Signatories found vessel operations, especially speed, an important driver of carbon intensity.

The opportunities created by data collection and reporting

At the end of the third year of the Poseidon Principles reporting cycle, Signatories report that, thanks to more granular data, they are better able to assess their portfolio climate alignment scores, the drivers behind them, as well as gain a better understanding of their clients' activities. These insights enable Signatories to engage with clients based on a fact-based dialogue and thus make more informed lending decisions.

Some Signatories have reported using the information as an opportunity to create innovative financing solutions which help steer their portfolios along the decarbonisation trajectory, for example by financing and investing in sustainable assets, both in terms of new builds or retrofit modifications. Sustainability-linked loans or leases and transition financing are other tools available to Signatories to improve alignment where the interest rate fluctuates according to sustainability criteria such as AER or CII [which comes into effect in 2023].

Overall, supporting the shipping sector's transformation and helping finance its decarbonisation is a long-term journey with effects visible over years. One or several misaligned climate alignments do not mean that it is impossible for the portfolio to align. It may take time to establish a downward trend in line with the trajectory over time.

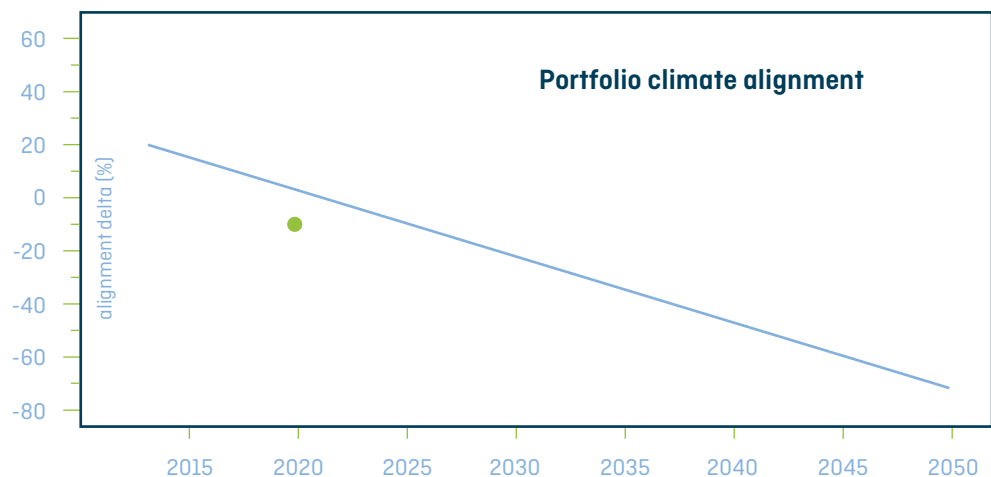


Figure 3.

Example of a portfolio climate alignment score



How to read a portfolio's climate alignment score in the next section

The blue line in the graph above represents the rate of change of alignment required to align with the IMO's ambition of reducing total annual GHG emissions by at least 50% by 2050 based on 2008 levels. This is there for illustrative purposes to understand the rate of reduction that the portfolio in 2021 would have to undertake to be aligned. Given that Signatories' portfolios change every year, this will change annually depending on how the portfolio has changed. A positive score (a red dot) indicates misalignment while a negative score (a green dot) indicates alignment. The magnitude indicates to what extent the portfolio is aligned or misaligned for the given year.



5. Fulfilling the Signatory requirements

→ ABN Amro	23	→ Finnvera	36
→ BNP Paribas	24	→ ING	37
→ Bpifrance Assurance Export	25	→ MUFG	38
→ Citi	26	→ Nordea	39
→ Crédit Agricole CIB	27	→ OCBC Bank	40
→ Crédit Industriel et Commercial (CIC)	28	→ SACE	41
→ Credit Suisse	29	→ SEB	42
→ Danish Ship Finance	30	→ Shinsei Bank	43
→ Danske Bank	31	→ Société Générale	44
→ DekaBank	32	→ SpareBank 1 SR-Bank	45
→ Development Bank of Japan	33	→ Sparebanken Vest	46
→ DNB	34	→ Standard Chartered	47
→ Export Finance Norway	35	→ SMBC	48
		→ SMFL	49
		→ SMTB	50

ABN AMRO

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

Compared to 2020, our current reporting year's score is slightly above the decarbonisation trajectory mainly due to the strategic decision of the bank to create scale through focusing on Europe and thus divesting the APAC and American Shipping operations. These operations consisted of a significant number of clients with vessels relatively well below the decarbonisation trajectory (mainly active in the LNG and chemical tankers sectors). On the back of the COVID pandemic, 2021 was marked by more shipping activities resulting in higher speed and port congestions, which also impacted our score negatively. This was the third year of data collection for the Poseidon Principles, whereby our clients are increasingly more familiar with the process, resulting in a solid reporting score well above the 90% across our fleet.

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

The Poseidon Principles form an integral part of our decision making and dialogue with our clients. As part of the execution of our Climate Strategy, we "are putting our money where our mouth is" and are further developing banking products that can directly support our clients with emission reduction investments. We will use the Poseidon Principles to measure the impact of those investments and assess our contribution. The Poseidon Principles will also allow us to benchmark and run peer group analysis across the sub-sectors in our Shipping portfolio.



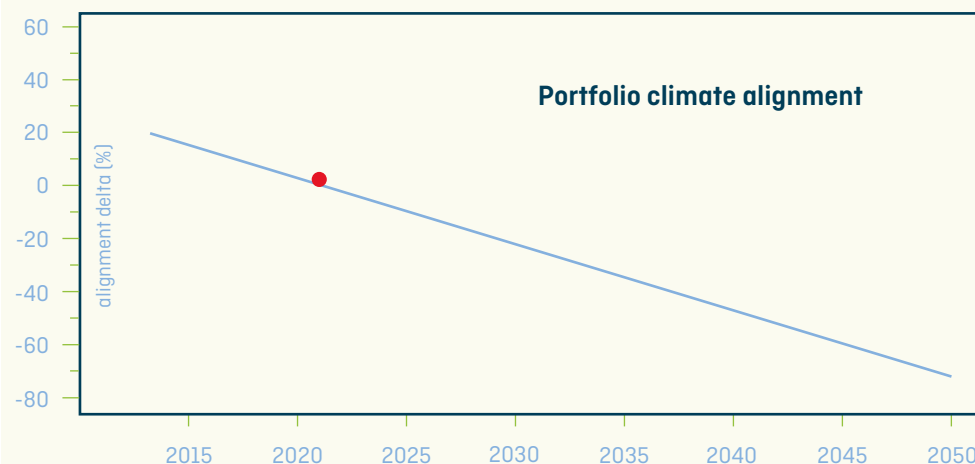
In 2022, ABN AMRO is setting a new climate ambition: achieve net zero across our portfolios by 2050 or sooner – in line with the +1.5-degree target outlined in both the Paris Climate Agreement and the Dutch Climate Commitment for Financial Services. For the shipping sector, in particular, we believe we are well-positioned to support clients on their transition pathway. We will continue supporting ship owners that have adopted a clear sustainability strategy with a commitment to CO₂ emission reduction, evidenced by willingness to make investments in, for example, alternative fuels, dual-fuel engines, and retrofit programmes. As a Poseidon Principles member, ABN AMRO is committed to adopting an emission reduction trajectory in line with net-zero commitments, as soon as such a trajectory will be available.

Anastassia Tcherneva, Head of Shipping Clients



Portfolio climate alignment score: 2.6%

Reporting percentage: 94%



BNP Paribas

Signatory as of December 2019



BNP PARIBAS

The bank for a changing world

What are your key takeaways from your climate alignment score?

BNP Paribas remains committed to the decarbonisation 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 and our commitment to NZBA.

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

Excluding the stake of the cruise segment in our portfolio, BNPP's score for the financial year 2021 would have been 1.0%, meaning almost aligned with the decarbonisation trajectory. In any event, results of this third reporting year call 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.



This third year of reporting - and second year based on homogeneous trajectories by segment - allows for a better understanding of the factors behind the CO₂ emissions of a large and diversified ship lending portfolio. While the COVID crisis impacted dramatically our passenger shipping exposure again in 2021, the relative performance of our predominant cargo shipping exposure is a better reflection of our clients' and the bank's efforts to act on the gradual decarbonisation of the maritime industry. BNPP commitment to the Poseidon Principles and then to the Net Zero Banking Alliance underpin our continuing ambition to support our shipping clients in transitioning to a greener future.

Vincent Pascal, Head of Shipping EMEA

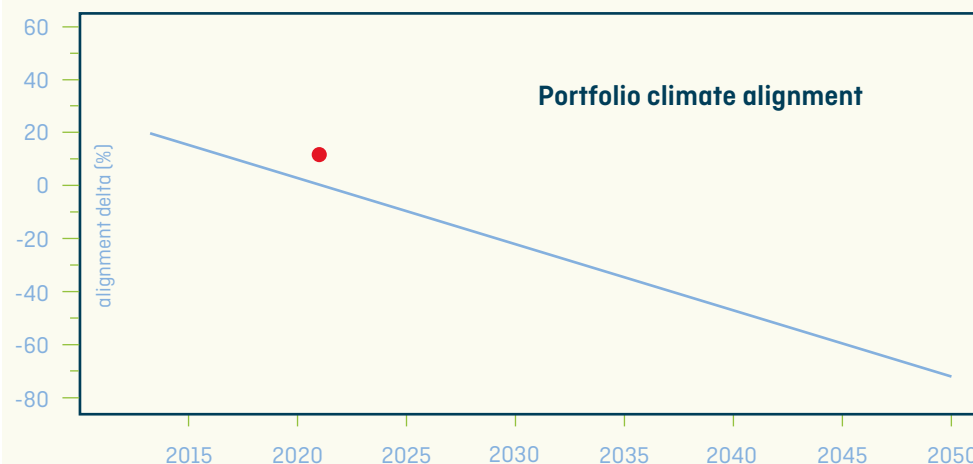


Portfolio climate alignment score: 12.2%

Cargo vessels climate alignment score: 1.0%

Passenger vessels climate alignment score: 55.4%

Reporting percentage: 87%



Bpifrance Assurance Export

Signatory as of January 2020



What are your key takeaways from your climate alignment score?

As anticipated, this year's alignment score still mirrors the change in methodology for passenger vessels and the impact of the COVID-19 pandemic on the cruise industry. Indeed, in 2021, due to the Omicron wave and the progressive ramp-up of the load factor, several cruise ships occasionally or continually had to stay in lay-up. Thus, our 2021 score does not reflect the overall performance of our portfolio as the ships have continued to emit far less CO₂ than in pre-COVID 2019.

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

Assessing our climate alignment score on an annual basis helps us make meaningful comparisons and get a clearer view on the different assets that we have in our portfolio. It also allows us to better define ambitions for the shipping sector that we support.



Although still high in light of COVID, our 2021 climate alignment score has improved compared to last year, which is encouraging as it demonstrates the recovery of the cruise sector. We also note that the most recent vessels are generally more energy efficient, which is another positive indication that we are on the right track.

François Lefebvre, General Manager

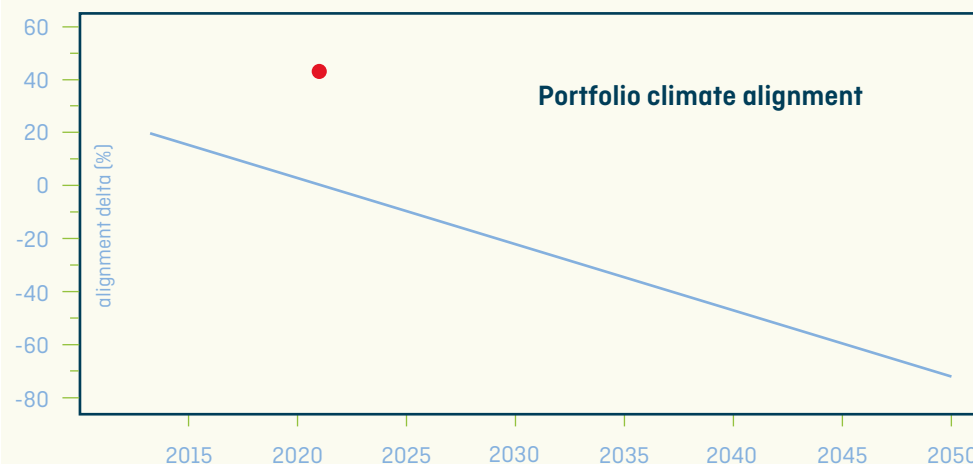


Portfolio climate alignment score: 42.8%

Cargo vessels climate alignment score: N.A.

Passenger vessels climate alignment score: 42.8%

Reporting percentage: 100%





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 2021, continuing to address our collective responsibility for recognising the impacts of climate change. Despite the ongoing market and economic volatility being experienced in the global shipping market, we believe it is important to remain focused on meeting our climate goals. Our alignment score this year was impacted by our clients' operational priorities as well as the residual impact of the COVID pandemic, in particular the effect of port congestion and demand in the container sector and the tentative resumption of the cruise business in 2021. Cruise represented +6.3% of our total alignment score of +12.2%. Our cargo alignment score also deteriorated in 2021 due to the significant tonnage demand increase in the dry cargo sector on top of the issues in the container sector.

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

As many of our clients are actively considering the development of the next generation of shipping technology, Citi is continuing to partner with them in our collaborative ambition to meet the industry's targets. The new IMO CII and EEXI regulations that come into effect in January 2023 will provide yet more signals as to where the industry needs to reduce emissions and to look at retrofitting opportunities which we will support. Whilst decarbonising shipping depends on the pace of the energy transition, we see clients looking to source alternative fuels, develop new technology and consider more radical solutions as part of their long-term strategy. We will support our clients in all their different approaches to reduce emissions and thus help meet Citi's own targets as we look to accelerate the decarbonisation of global supply chains.

[Link to institutional report](#)



The impact of the pandemic on shipping and maritime supply chains continued into 2021 and our alignment score was slightly more misaligned at +12.2% compared to +11.7% for the 2020 emissions data. Most of the misalignment relates to three individual client situations where COVID driven operational issues in 2021 are unlikely to have been repeated in 2022 so we expect significant improvement in next year's report (for 2022 emissions) which will reflect a more normal market environment.

Michael Parker, Chairman of Citi Global Shipping, Logistics & Offshore

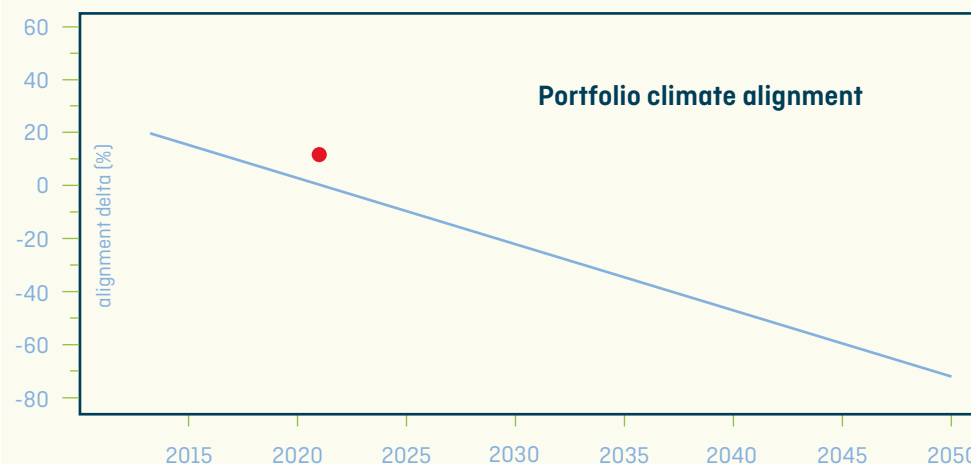


Portfolio climate alignment score: 12.2%

Cargo vessels climate alignment score: 7.4%

Passenger vessels climate alignment score: 30.7%

Reporting percentage: 98%



Crédit Agricole CIB

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

While our cargo shipping portfolio shows a good alignment score, resulting from our work with clients starting to modernise their fleet with greener tonnage, our passenger shipping book alignment score continues to be affected by the adverse calculation methodology still burdening ferries and cruise ships. As regulators apply overdue correcting factors to the segment and responsible operators accelerate their investment in clean-fuel burning pax and ro-pax ships with our support, we expect this score to improve gradually, too.

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

The Poseidon Principles are a clear guide, alongside the upcoming IMO CII rules and the Fuel EU Maritime legislation, in the definition of our lending strategies supporting our shipping clients in their decarbonisation efforts. A long journey, of course, but where everyday counts.

[Link to institutional report](#)



The Poseidon Principles are a major market-place initiative, put in place by all of the world-leading shipping banks to best support their shipping clients in the necessary decarbonisation of their activities. Decarbonising shipping will no doubt be a long, arduous and challenging task for all the key stakeholders of the maritime sector (ship-owners, fuel producers, port operators, banks, regulators) and, as a founding member of the Poseidon Principles, Crédit Agricole is in for the long haul.

Thibaud Escoffier, Global Head of Ship Finance

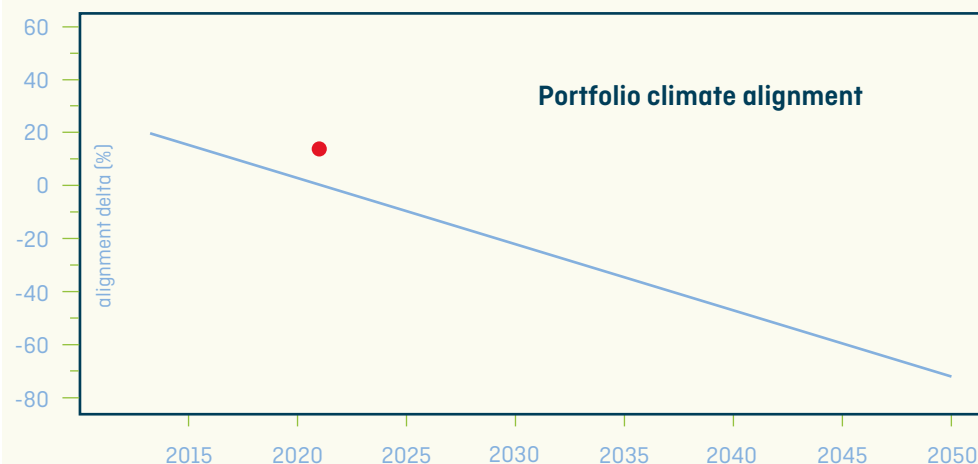


Portfolio climate alignment score: 13.9%

Cargo vessels climate alignment score: 4.2%

Passenger vessels climate alignment score: 50.2%

Reporting percentage: 94%



Crédit Industriel et Commercial (CIC)

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,...).



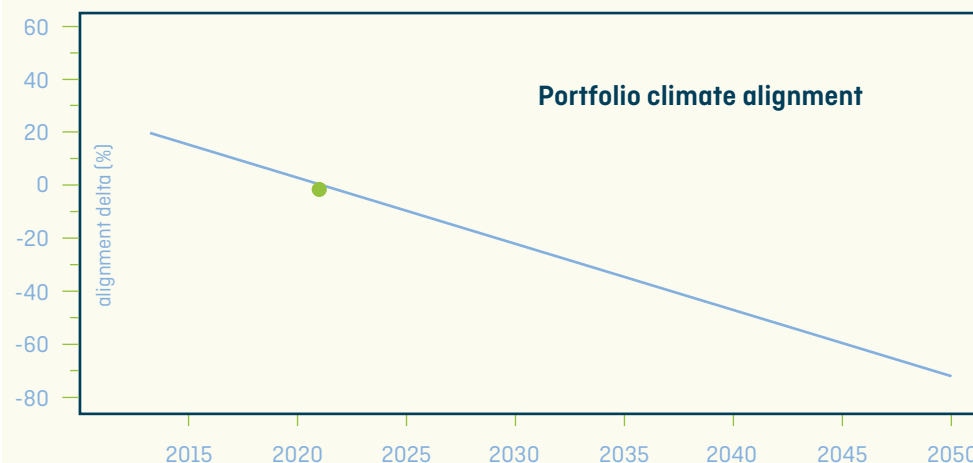
We are very happy once again to be aligned with the IMO curve and hope that the coming years will follow the same trend. This confirms the commitment of CIC to be a major player in shipping transportation transitioning.

Jean-Philippe Guillon, Global Head of Asset Finance



Portfolio climate alignment score: -1.0%

Reporting percentage: 93%⁸



⁸ This percentage was updated in January 2023, after the publication, from 52% to 93% as a result of a change in the Signatory's data set.

Credit Suisse

Signatory as of January 2020



What are your key takeaways from your climate alignment score?

This is the second year of disclosure as a signatory to the Poseidon Principles and our high client reporting level indicates that the Poseidon Principles (and IMO DCS) initiative is becoming well established in the industry.

Our climate alignment score remains below the trajectory, notwithstanding the evolving ambition each year. As we have previously commented, in a blended portfolio alignment can be significantly influenced by individual ship types. The use of a climate alignment score provides a helpful baseline for measurement of shipping portfolios. However, we note that results for any given vessel may fluctuate each reporting year depending on the macroeconomic environment in which it operates, resulting in different speeds and trading patterns. To achieve long term alignment of portfolios below the trajectory will require further improvements in energy efficiency and 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?

Since becoming a Signatory two years ago, the Poseidon Principles have formed part of our sustainability assessment which is an integral part of our ship financing strategy.

AER calculations do not provide a single decision-making solution due to the variables mentioned, but they are helpful in providing a factual statement on the carbon footprint of an individual asset in a given year. We are highly focussed on supporting our clients in the steps required to reduce their fleet's carbon intensity in line with their wider sustainability objectives. The transparency of data, and initiatives including the Poseidon Principles, assist in informing and supporting our client discussions.



Credit Suisse is pleased to make our second annual disclosure: whilst many factors will lead to fluctuations in annual portfolio alignment, we note that our portfolio score remains below the trajectory.

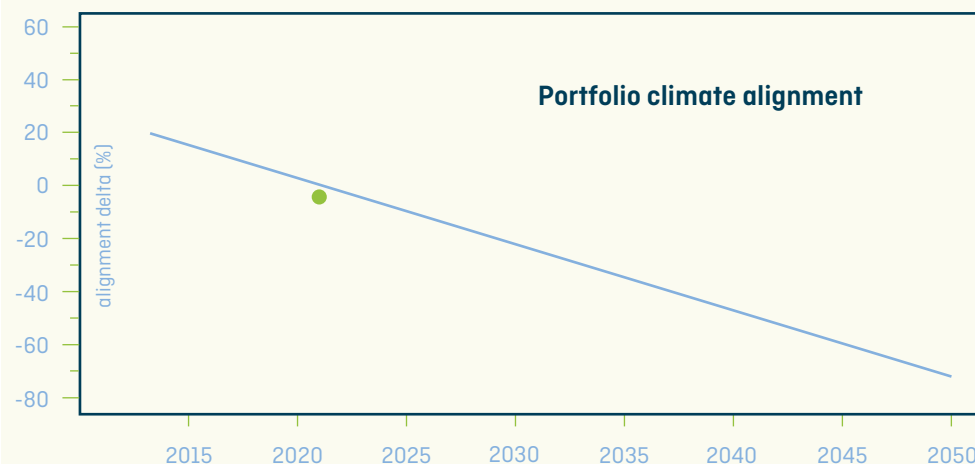
As a member of the Net Zero Banking Alliance, Credit Suisse recognizes that, in recently announcing an ambition to adopt a 1.5 degree Paris-aligned trajectory when available, the Poseidon Principles Association is helping to ensure that the shipping sector plays its part in reducing greenhouse gas emissions – an initiative to which we must all contribute

Mario Béhé, Head of Ship Finance



Portfolio climate alignment score: -1.3%

Reporting percentage: 96%



Danish Ship Finance

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

Our portfolio climate alignment score has remained largely unchanged compared to last year. At the same time non-reporting were kept at a low level. This year's reporting showed variation between the segments compared to the previous year, mainly due to changed trading patterns. With another year's data collected from our clients we gain improved understanding of our portfolio and how different segments and vessels perform, enabling us to better engage with clients and evaluate specific transactions.

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

The insights obtained through Poseidon Principles are integrated in our lending decisions along with our internal sustainability assessment of clients based on multiple parameters. The data obtained through the Poseidon Principles helps to qualify the overall assessment and initiates a constructive dialogue with our clients about our joint impact on the decarbonisation of shipping.

Last year, 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 included sustainability-linked incentives with specific reference to the Poseidon Principles in an increasing number of new transactions.



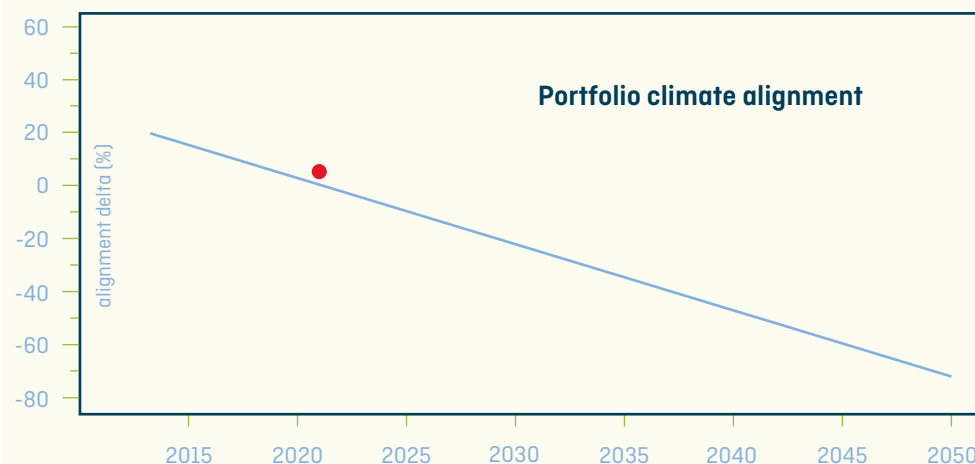
We are pleased with the level of reporting, underlining that our clients are transparent and contributing to the green transition. We continue to work actively with our clients to reduce their climate impact, and even though we still have a long journey ahead of us, the result for our portfolio confirms that we have a strong and sustainability-focused client base. We are committed to reaching our 2025 goal of having the entire portfolio aligned with the Poseidon Principles trajectories.

Michael Frisch, Chief Commercial Officer



Portfolio climate alignment score: 5.7%

Reporting percentage: 93%



Danske Bank

Founding Signatory as of June 2019

Danske Bank

What are your key takeaways from your climate alignment score?

This years' reporting again shows that most of our financed vessels are performing well and typically with a score around their required trajectories, while (as previous years) a few vessels are, due to their special operational trade, alone lifting the score to 9.6%. We believe that our bank's (and our customers') continued focus on modern, flexible and fuel efficient tonnage will contribute positively to reduced emissions going forward.

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

The Poseidon Principles are continuing to raise the bank's knowledge of the shipping sector's environmental challenges and pursuit of new environmental friendly solutions to these challenges. In addition to being a useful monitoring tool, our Poseidon Principles-commitment is also expanding our knowledge base which we believe will help us to make good business decisions supporting our customers' transition journey.



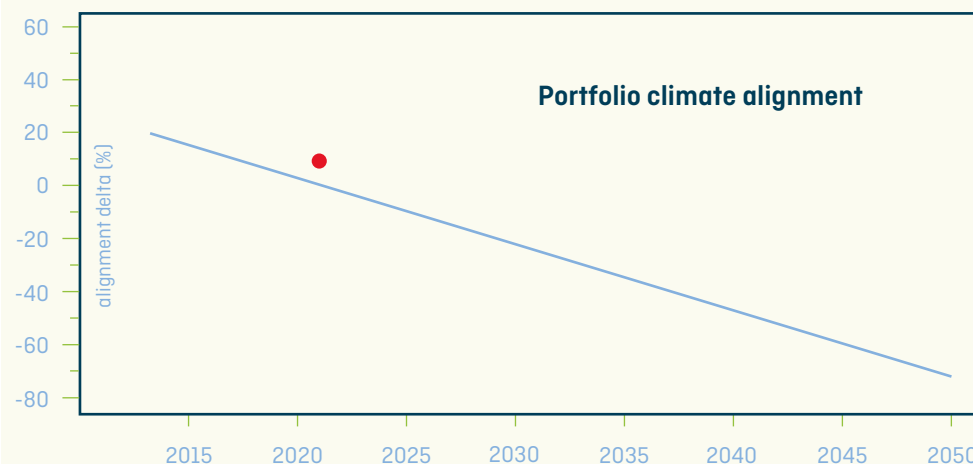
The underlying analysis of this years' figures confirms that our continued focus on modern, flexible and fuel efficient tonnage is the right way to go. We will continue to use the Poseidon Principles as one of many tools when supporting the shipping sector's transformation and help finance its decarbonisation."

Einar Stavrum, Global Head of Shipping



Portfolio climate alignment score: 9.6%

Reporting percentage: 98%



DekaBank Deutsche Girozentrale

Signatory as of April 2022



What are your key takeaways from your climate alignment score?

Due to the COVID crisis and global supply chain problems, 2021 was a remarkable year in certain segments of the shipping industry which resulted in a negative impact on Deka's portfolio alignment score amongst others driven by intense vessel operations in certain segments. It has been demonstrated that a reduction in CO₂ emissions, both in total and in intensity as represented in the Annual Efficiency Ratio, can only be achieved in international shipping through two common components: (i) Investing in more sustainable assets and (ii) operating these vessels as efficiently as possible in combination with more sustainable fuels.

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

In line with our business strategy, Deka only invests in the most state-of-the-art and sustainable assets. The methodology of the Poseidon Principles and the resulting assessment of a vessel's AER has become an integrated part of our activities in the process of ship financing and in the discussion with our customers. As a result, we always consider a vessel's impact on our portfolio alignment score. Together with our customers, Deka will discuss how to continuously improve this value and thus make our contribution to a more sustainable and decarbonised shipping industry.

[Link to institutional report](#)



Sustainability is a central and irreversible component of DekaBank's business model. In order to proactively work against the severe negative impact of the climate change and support new, eco-friendly technologies, Deka has joined the Poseidon Principles in 2022. Deka supports its clients in their efforts coping with this new challenge.

Dr. Marco Albers, Head of Specialised Lending

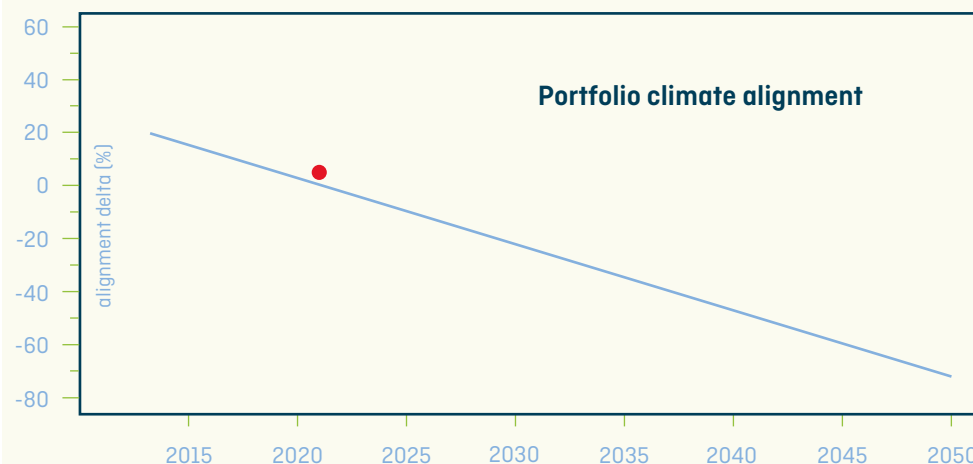


Portfolio climate alignment score: 5.2%

Cargo vessels climate alignment score: 5.2%

Passenger vessels climate alignment score: N.A.

Reporting percentage: 75%



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 decarbonisation. 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 second 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, at least, the data from the Poseidon Principles enables us to make a fact-based analysis regarding decarbonisation. We wish to continue proactively supporting the efforts of businesses to decarbonise through transition finance and sustainability-linked loans.



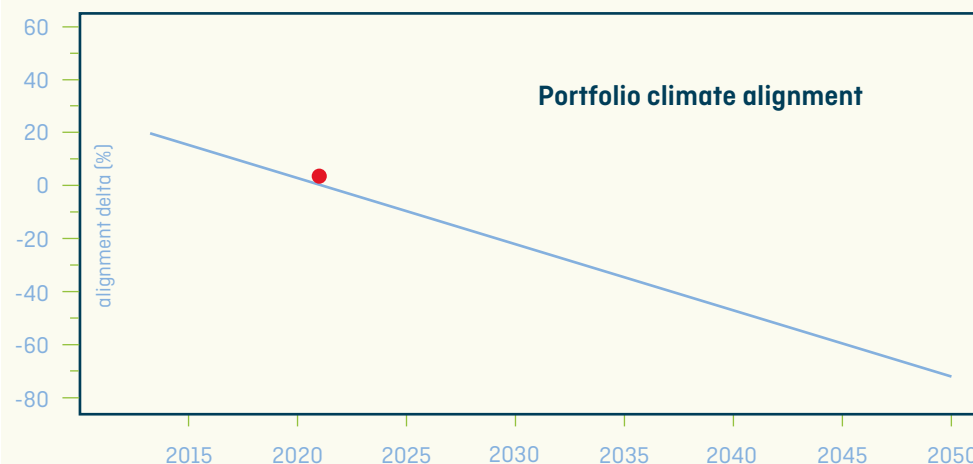
To be a leading ship finance bank, we are pleased to present our second year of reporting. DBJ is also promoting its GRIT Strategy—G (Green): Realization of a green society; R (Resilience & Recovery): Construction of a flexible, strong, safe and secure infrastructure; I (Innovation): Initiatives for innovation; and T (Transition/Transformation): 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: 3.8%

Reporting percentage: 68%



DNB

Founding Signatory as of June 2019

DNB

What are your key takeaways from your climate alignment score?

We are very pleased with the high level of response and the cooperation of our clients in collecting the data. The results show that the numbers are sensitive to market conditions and special situations in certain sub-segments. It is clear that portfolio composition plays a significant role in portfolio scores. Similar to last year, the effect of the pandemic weighs heavily on the results for the cruise sector. With many vessels in forced layup for most of 2021, the total emissions are far below normal levels while relative emissions are at extremely high levels. We also see negative impact of higher-than-normal waiting times and congestion in certain segments, which have made vessels burn substantial amounts of fuel while waiting. Taking these factors into account, we are overall quite pleased with the development seen in most segments of our portfolio.

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

We are actively using the Poseidon data and the insights gained from client conversations around emissions and transition in our day-to-day decision making. We are also using the data to track the overall carbon intensity of our portfolio, for which we have set specific reduction goals for 2030 and 2050. We are actively using emissions and carbon intensity data to provide sustainable and transition financing solution to our clients.

//

The Poseidon Principles have been instrumental in providing us with valuable insights on the carbon intensity of our portfolio and the drivers behind it. They have enabled us to set ambitious targets and together with our clients start developing a road map for energy transition in the maritime industry.

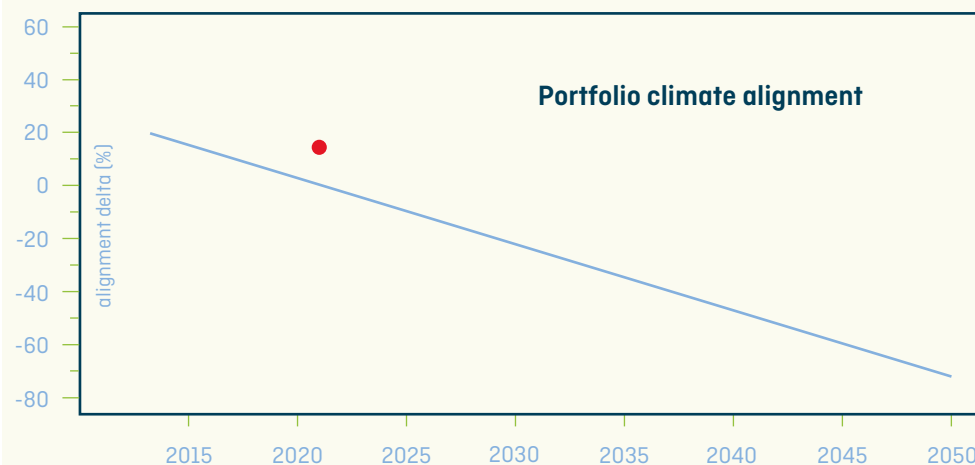
Christos Tsakonas, Global Head of Shipping

//

Portfolio climate alignment score: 13.8%

Cargo vessels climate alignment score: 5.4%

Passenger vessels climate alignment score: 82.8%

Reporting percentage: 92%

Export Finance Norway

Signatory as of November 2019

What are your key takeaways from your climate alignment score?

The portfolio is developing in the right direction. However, last year was very special with several of the cruise ships in lay-up due to COVID, so the two numbers/years are not directly comparable. More generally, some vessels are performing better than last year other not.

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

As informed about previously, 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. With the merger between Eksportkreditt and GIEK the total Poseidon portfolio now consists of 36 vessels compared to 29 vessels last year. 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 starting to use the information it provides both internally and in dialog with our customers.



With the merger between Eksportkreditt Norge and GIEK to Export Finance Norway (Eksfin) the number of vessels falling within the scope of the Poseidon Principles portfolio have increased somewhat, and we are happy to see that the alignment delta is improving. In our total shipping portfolio, which entails a large number of vessels outside the scope of the Principles, an increasing number of the vessels have electric/hybrid propulsion system.

Solveig Frøland, Head of Maritime & Yards

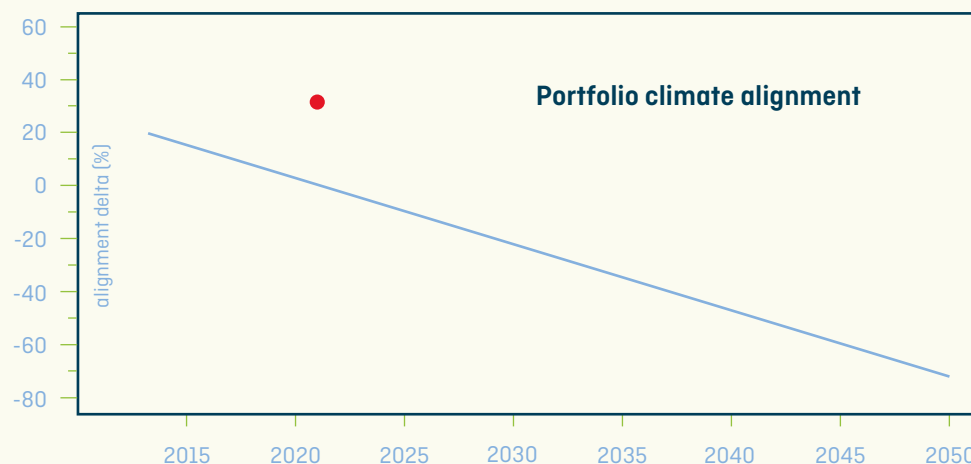


Portfolio climate alignment score: 31.2%

Cargo vessels climate alignment score: -4.9%

Passenger vessels climate alignment score: 43.0%

Reporting percentage: 100%



Finnvera

Signatory as of March 2021

What are your key takeaways from your climate alignment score?

We calculated the CO₂ emissions of our ship finance portfolio for the second time. The score differs significantly from the previous year, partly due to the calculating method. We believe that in the future the score will better correspond to the impact of our ship finance portfolio. The pandemic still affected the cruise industry to some extent, although cruise shipping started to recover and ships returned to operate. We expect next year to be more stable for the cruise industry as well as for the CO₂ calculation, when the ships will again operate in full capacity.

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

Poseidon Principles have brought measurability and comparability to the monitoring of the climate impacts of Finnvera's ship finance. Approximately half of Finnvera's export credit guarantee exposure is related to cruise shipping cluster. Considering the scale, the climate alignment score gives us valuable information about the climate impact of our financing and that of the shipping industry. It also supports assessing the impact of Finnvera's own operations. We wish to thank our customers for providing the information needed and thereby enabling the monitoring of the CO₂ emissions of our ship portfolio.



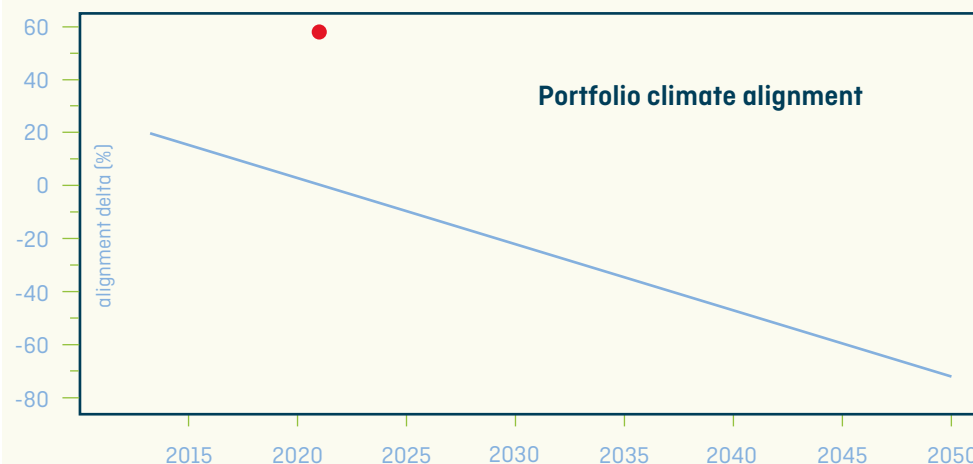
Mitigating climate change is at the core of Finnvera's strategy. As an export credit agency, Finnvera has good opportunities to influence the development of climate solutions, as we essentially finance new technology with fewer emissions. We believe that in the future there will be less volatility in Finnvera's climate alignment score.

Jussi Haarasilta, Executive Vice President



Portfolio climate alignment score: 57.3%

Reporting percentage: 98%



ING Bank

Founding Signatory as of June 2019

What are your key takeaways from your climate alignment score?

After outperforming the Poseidon trajectory the past 2 years, we are delighted to report a negative portfolio alignment score again 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 decarbonisation 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 decarbonise.

[Link to institutional report](#)



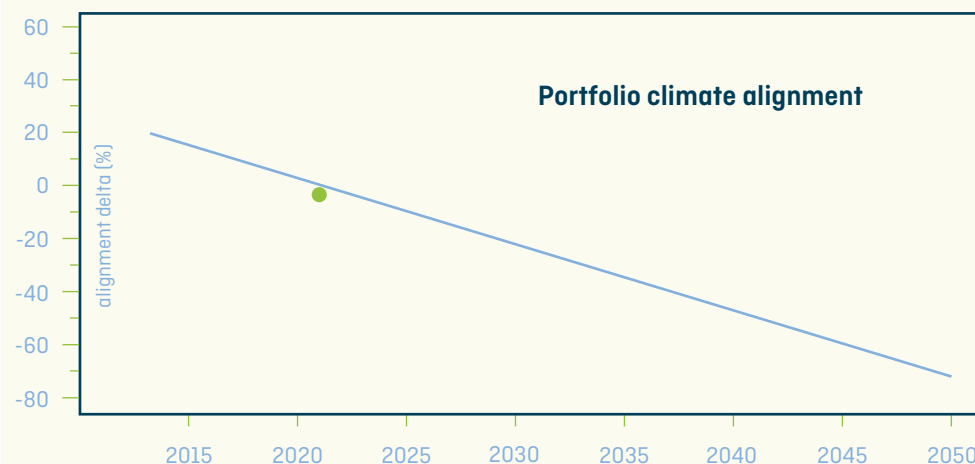
I am delighted to report a portfolio alignment score which outperforms the Poseidon Principles decarbonisation trajectory. This is the third successive year we have been able to achieve this but since our score shows a marginal deterioration on 2020 it is apparent that we at ING, together with our clients and the wider industry, need to do more to stay below the 1.5 degrees target. ING will continue to push for progress to decarbonise and will therefore continue to pro-actively engage with all industry stakeholders. We will encourage owners to follow a decarbonisation strategy by providing appropriate financing and incentives while owners who ignore their responsibilities in this regard will likely find the available sources of finance reduced.

Stephen Fewster, Global Head of Shipping Finance, and Treasurer of the Poseidon Principles



Portfolio climate alignment score: -2.8%

Reporting percentage: 95%



MUFG Bank

Signatory as of March 2021



What are your key takeaways from your climate alignment score?

Through data gathering and calculation process for the first time, we confirmed the degree of alignment of our shipping portfolio to the decarbonisation trajectory. We will utilize this quantitative data for a more profound conversation with our clients to accompany on their journey to achieve decarbonisation.

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

The Poseidon Principles have provided us opportunity to enhance both internal and external discussions on decarbonisation in the shipping sector. Through the engagements, we enhanced our understanding of the clients' approaches on ESG and shipping fleet plans. We will accumulate the outcomes and analyze them in order to create new business and determine our future long-term business strategy.



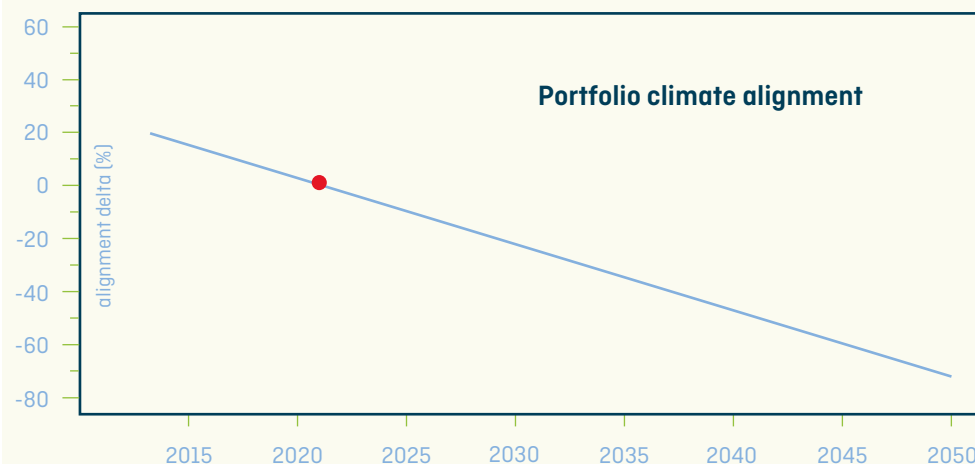
Firstly, we would like to express our gratitude on our clients who have cooperated on providing data. Our clients including world leading shipping companies have worked actively toward realizing carbon neutrality. We place emphasis on engagement and will continue accompanying with our clients in their endeavors to accomplish transition and their carbon neutral goals.

Koichiro Oshima, Managing Executive Officer,
Head of Financial Solutions Group



Portfolio climate alignment score: 0.6%

Reporting percentage: 71%



Nordea Bank

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 three successive years. The Poseidon Principles enables us to track the decarbonisation 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 decarbonisation. This will pave the way for a more decarbonised shipping sector in the future. When evaluating new transactions, the Poseidon Principles data is an important consideration and part of our decision making material.

Nordea



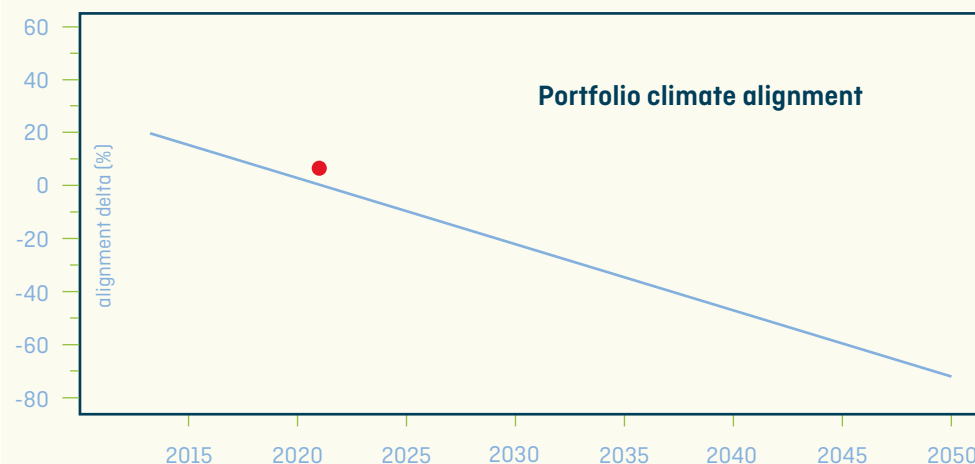
Nordea is proud to be part of the Poseidon Principles and we view the initiative as an important contribution in the decarbonisation of shipping. We are pleased with response that we have obtained and with the impressive commitment that has been demonstrated from our clients. Nordea is committed to be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

Geir Atle Lerkerød & Thor-Erik Bech, co-Heads of Shipping



Portfolio climate alignment score: 6.6%

Reporting percentage: 99%



OCBC Bank

Signatory as of December 2021



What are your key takeaways from your climate alignment score?

OCBC Bank is pleased to be reporting our climate alignment score for the second year, reaffirming our commitment to the Poseidon Principles. We were not surprised to report a slightly higher score (compared to an alignment of -1.8% in the previous reporting), brought about by the effects of COVID-19 which saw certain shipping segments working extra hard to close gaps in the supply chain whilst managing disruption at land-based business activities.

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

We are focused on companies with clear strategies on decarbonisation and the Poseidon Principles gives us additional insights into how our clients are adapting and evolving in their decarbonisation journey. The data has given us a better understanding of our customers' operations and decarbonisation ambitions, thereby allowing us to make informed lending decisions while providing opportunities for collaboration and support.

[Link to institutional report](#)



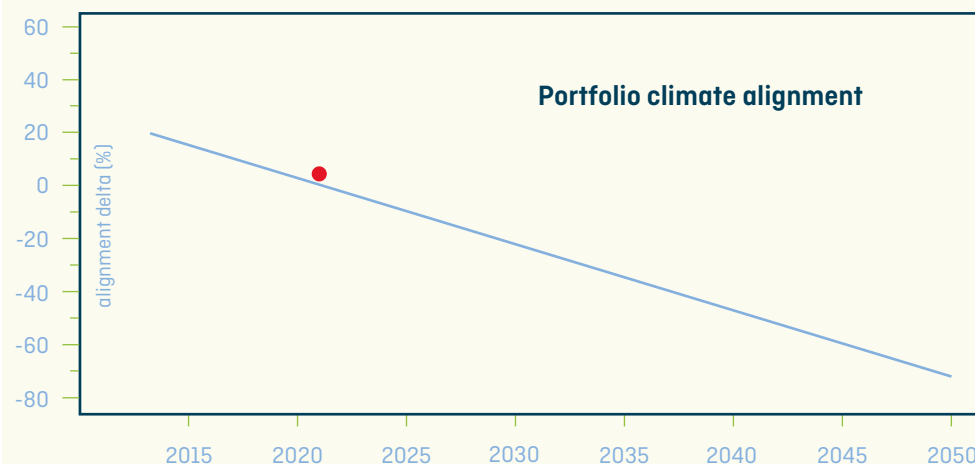
We are pleased to be reporting for the second successive year, especially meaningful as OCBC became a signatory to the Net Zero Banking Alliance this year; it reinforces our commitment to working with our customers towards a low carbon world. The 2021 AER data was especially interesting as the world grappled with the effects of COVID-19 – demonstrating that data read in context is particularly insightful. We wish to take this opportunity to thank all our customers and partners for the co-operation and support to this cause.

Angeline Teo, Head, Global Transportation, Global Corporate Banking



Portfolio climate alignment score: 4.5%

Reporting percentage: 93%



SACE

Signatory as of October 2021



What are your key takeaways from your climate alignment score?

The adhesion to the Poseidon Principle is part of SACE's wider path towards environmental sustainability, which includes various initiatives and comprehensive policies involving all aspects of SACE's operations. This is the first year of reporting since we joined the Poseidon Principles in October 2021. Thanks to this exercise of measuring the climate alignment we will be able to monitor the evolution of the generated emissions of our shipping portfolio.

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

With the Poseidon Principles for the first time SACE had the opportunity to calculate the carbon intensity of a significant portion of its exposure. The work conducted for measuring the climate alignment has been instrumental also in the wider assessment of the carbon footprint of the entire portfolio.



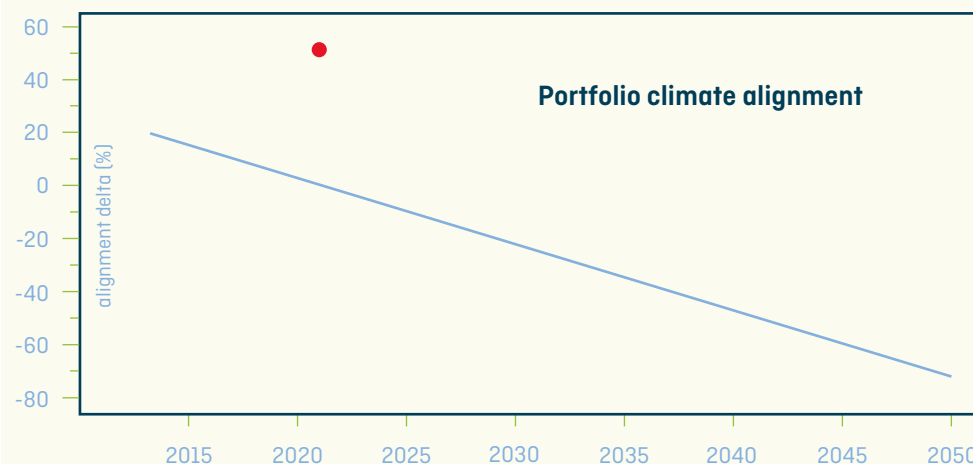
By adhering to the Poseidon Principles, SACE has made a further step towards improving climate-related transparency in its business activity. By calculating our first climate alignment score we had the opportunity to assess the carbon footprint of a relevant sector of our exposure. This is for us only the first year of reporting: we intend to continue monitoring the trajectory in order to identify the relevant trend in the emissions generated by our shipping portfolio.

Cristina Morelli, Head of Export Finance



Portfolio climate alignment score: 51.0%

Reporting percentage: 78%



SEB

Signatory as of December 2020

SEB**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. SEB's climate alignment score came out close to what we expected, however influenced negatively by the impacts of COVID-19 on a few sectors, and specifically the cruise segment. Excluding passenger vessels, SEB's climate alignment score is 3.6% below trajectory, meaning the portfolio is currently well aligned with the adopted climate goals.

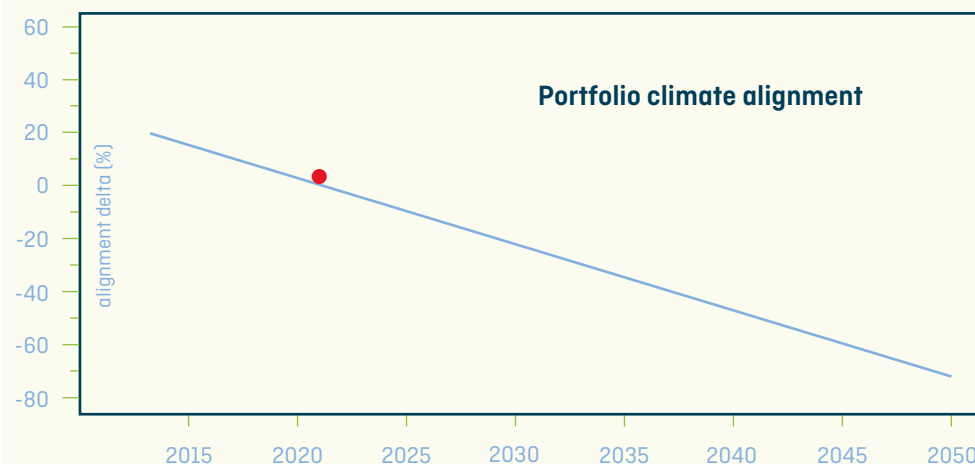
How will the Poseidon Principles influence your business activities and decision-making in the future?

SEB welcomes the Poseidon Principles, and the opportunity to join forces with other committed Signatories to support the global energy transition. The data from the Poseidon Principles reporting has given SEB valuable insight into our portfolio and enable us to have a more fact-based dialogue with our clients regarding emission reductions and our joint efforts toward the decarbonisation of the shipping industry. The climate alignment score supports SEB in integrating climate considerations into lending decisions.

[Link to institutional report](#)


SEB is pleased to report our climate alignment score for the second year, continuing our commitment to the transition toward a low carbon future. The Poseidon Principles are a useful tool to engage with our shipping clients on the challenges of the decarbonisation of the shipping industry. We look forward to actively taking part in the further development of the Poseidon Principles in the years to come.

Hans Christian Kjelsrud, Global Head of Shipping Coverage


Portfolio climate alignment score: 3.7%
Cargo vessels climate alignment score: -4.3%
Passenger vessels climate alignment score: 42.1%
Reporting percentage: 98%


Shinsei Bank

Signatory as of March 2021



What are your key takeaways from your climate alignment score?

This is our first year for reporting, and the results helps us to understand how the outcome varies depending on each vessel characteristics such as vessel type, size, year of built etc. and to develop our future financing strategies. Besides, we will closely monitor how the EEXI/CII regulations, to be applied from 2023, will influence operations of existing vessels and how it affects our future climate alignment results.

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

Going forward, we will analyze the first results in more details and have discussion internally for our future financing stance. In parallel, we will deepen our dialogue with our clients to progress our decarbonisation efforts to support our clients' transition.



We are pleased to submit results of our first year climate alignment score. The results provided an informative baseline for mapping our starting point in the journey to decarbonised portfolio. We recognize our role and responsibilities in supporting our clients' climate ambition and are committed to work closely and continuously with our clients in order to encourage the transition of the shipping industry from financial aspects.

Kenji Uesaka, Executive Officer/Head of Group Structured Solution

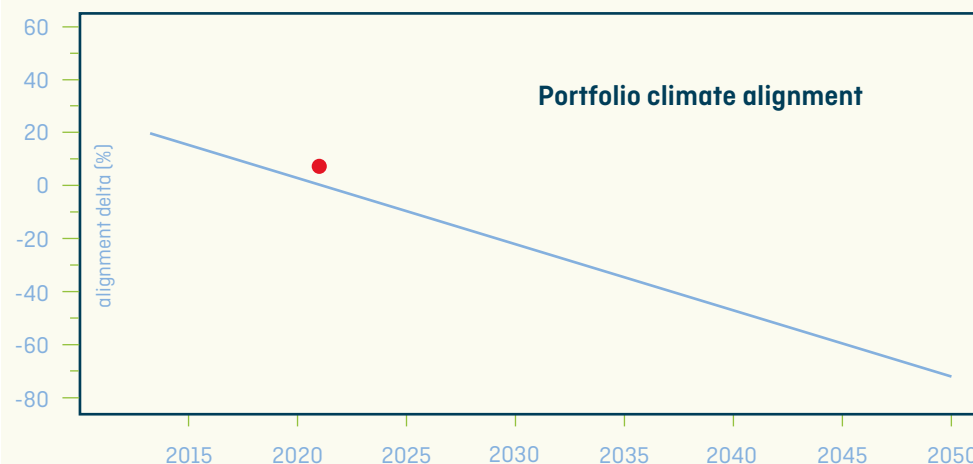


Portfolio climate alignment score: 7.4%

Cargo vessels climate alignment score: 7.4%

Passenger vessels climate alignment score: N.A.

Reporting percentage: 82%



Société Générale

Founding Signatory as of June 2019



What are your key takeaways from your climate alignment score?

Huge energy needs in Europe, driven largely by the geopolitical situation, has led to significant increases in vessel speeds to help meet demand, leading to high port congestion across many regions. This, combined with the compounding residual effects of the COVID-19 pandemic, have contributed to adversely impacting the alignment score across the sector.

Despite this context, Societe Generale's misalignment score reduced from +23.7% to +15.4%, with the climate alignment score of both the cargo vessels (from +2.8% to +1.1%) and the passenger vessels (from +68.4% to +45.2%) improving year on year.

We can expect further volatility in the results in the coming years, notably considering the Poseidon Principles evolution towards a 1.5 degree compatible trajectory, but we will continue working to align our portfolio in the future by engaging consistently with our clients during this transition period.

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

We are continuously bringing climate alignment into our credit decisions, not solely from an asset standpoint but also by assessing our clients' strategies and initiatives. As part of the Net-Zero Banking Alliance, we expect more focus on how the maritime industry can achieve a more ambitious trajectory, resulting in deeper dialogues with our clients to progress on this roadmap. The road towards Net Zero will require significant progress in technologies and alternative fuel availability as well as behavioural changes as part of a multi-stakeholder effort across the full value chain in order to tackle the tremendous challenges ahead. We will continue to favour clients who are fully committed to the energy transition and that are proactively working towards future proofing their activity in the face of climate change.

[Link to institutional report](#)



We witness a strong level of engagement throughout the industry and feel real momentum. We need to collectively enhance our efforts to achieve the ambitious long term goals set by standard bearers in the maritime industry. This will impact certain lending business but opens unprecedented opportunity for greater strategic dialogue with our clients, product innovation and advisory services, to help the industry to transition towards net zero.

Paul Taylor, Global Head of Maritime Industries

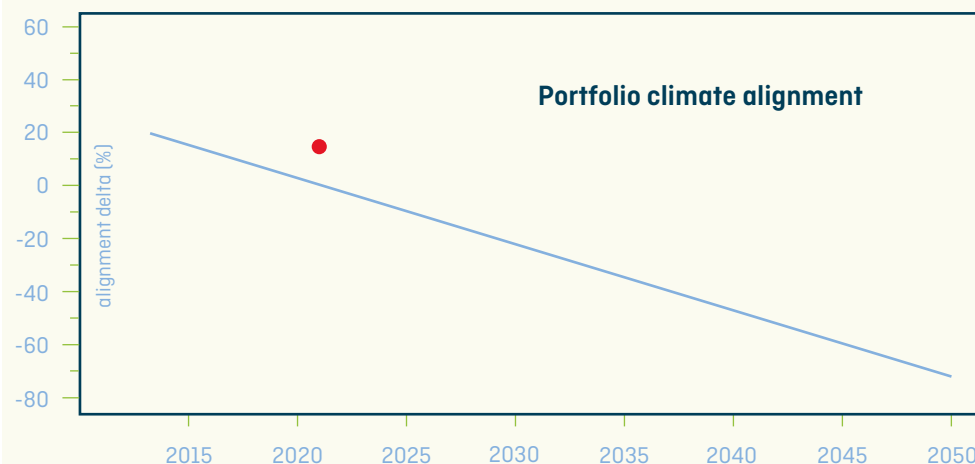


Portfolio climate alignment score: 15.4%

Cargo vessels climate alignment score: 1.1%

Passenger vessels climate alignment score: 45.2%

Reporting percentage: 96%



SpareBank 1 SR-Bank

Signatory as of November 2020



What are your key takeaways from your climate alignment score?

The 2021 Poseidon Principles reporting is the second undertaken by SpareBank 1 SR-Bank ASA. We are pleased that our customers have willingly shared data with us also this year, giving us a rate of reporting of 100 %. Our climate alignment score is good, due to the composition of our financed fleet

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 fact-based dialogues with our customers regarding decarbonisation. We will use the data to engage in discussions with customers and encourage them to implement necessary improvements towards meeting the targets, where possible

[Link to institutional report](#)



We are once again very pleased that our portfolio is well below the climate alignment trajectory. As the “low-hanging-fruit” are picked, it will be steadily more demanding to maintain our excellent record, but the Norwegian shipowners’ dedication to greener shipping, strengthens our resolve to strive forward towards the goals of the Poseidon Principles

Stig Horsberg Eriksen, Head of shipping

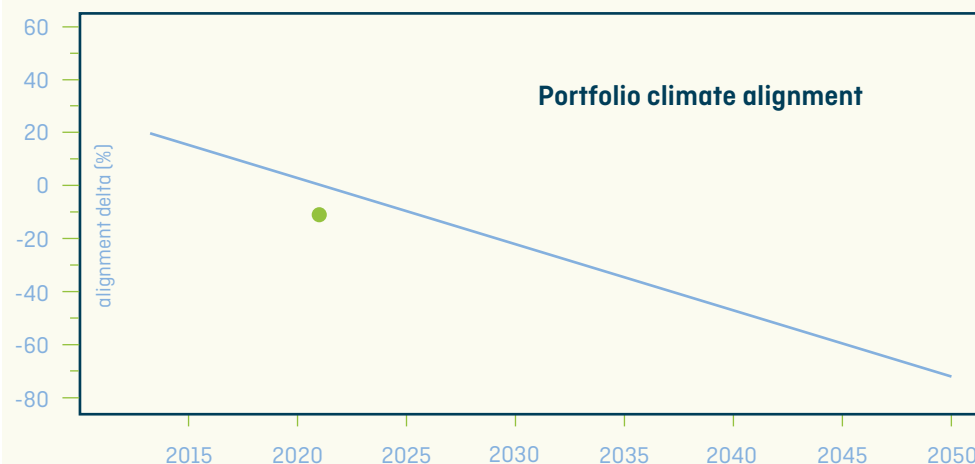


Portfolio climate alignment score: -10.7%

Cargo vessels climate alignment score: -10.7%

Passenger vessels climate alignment score: N.A.

Reporting percentage: 100%



Sparebanken Vest

Signatory as of September 2019



What are your key takeaways from your climate alignment score?

AER data has its challenges but is still the most helpful tool to be able to benchmark emissions and setting targets carbon reduction.

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

Sustainability and climate risk assessments are important factors in all credit analysis in Sparebanken Vest. Sustainability linked loans and action plans are used to make sure we are aligned with customers in setting ambitious targets. Our impression is that our clients welcome increased transparency and would like to play their part in decarbonisation in shipping.



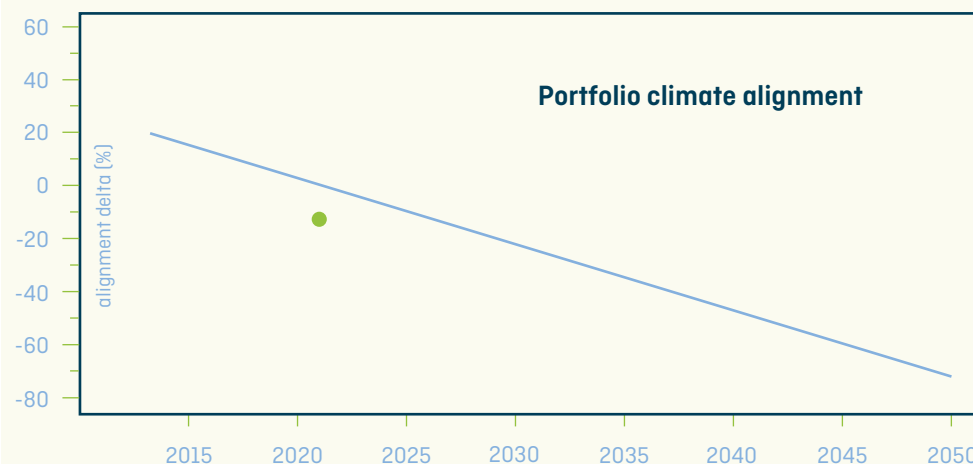
We are pleased to see a continued trend in our score compared to 2020 and 2019. On the other hand, we acknowledge that we need to speed up the decarbonisation to reach the ambitious goals for 2040 and 2050. We look forward to continuing the good cooperation with Poseidon Principles.

Bjørn Årdal, Head of Shipping



Portfolio climate alignment score: -12.5%

Reporting percentage: 97%



Standard Chartered Bank

Signatory as of April 2021



What are your key takeaways from your climate alignment score?

This is the first year that Standard Chartered is reporting its climate alignment score and while it is slightly positive, we are encouraged by the fact that we are on the right path. It is interesting to see the correlation between strong freight markets and high alignment delta scores.

2021 was a strong year for bulkers and containers, encouraging owners to increase vessel speeds, leading to higher alignment scores for these sectors relative to the tanker market.

In addition, several modern eco-vessels in our portfolio yielded high delta numbers. On further analysis, it was due to short haul trading patterns and longer port waiting times. Looking ahead, with CII coming into effect in 2023, shipowners will now be incentivized to actively reduce their AER score and we are keen to see how that impacts our climate alignment numbers for Poseidon Principle's reporting in 2024.

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

Poseidon Principles has been the cornerstone of Standard Chartered's Transition Framework. It has equipped us with a structure to collect factual data on fuel consumption, allowing us to better assess our carbon footprint, while providing operational levers to improve carbon efficiency. It also provides us with a much better understanding of our client's business and has been the catalyst to kickstart client discussions on sustainability-linked loans and transition financing. While Standard Chartered is aware of the limitations associated with AER calculations (i.e. unfairly penalizes transshipment vessels), the current framework at least provides an initial measurement which can be continuously improved for better accuracy. Standard Chartered is proud to have been elected to be part of the Steering Committee in April 2022, and we look forward to working with the Poseidon Principle's Association to decarbonise shipping.



"You can't manage what you can't measure" is completely applicable for Poseidon Principles and we are delighted to have taken the first step in our journey to create accountability and transparency for the maritime sector. Looking ahead, we are excited to work with our clients to see how this data can be used to incentivize and reward the right behaviours, ultimately driving decarbonisation in this hard-to-abate sector.

Abhishek Pandey, Global Head, Shipping Finance

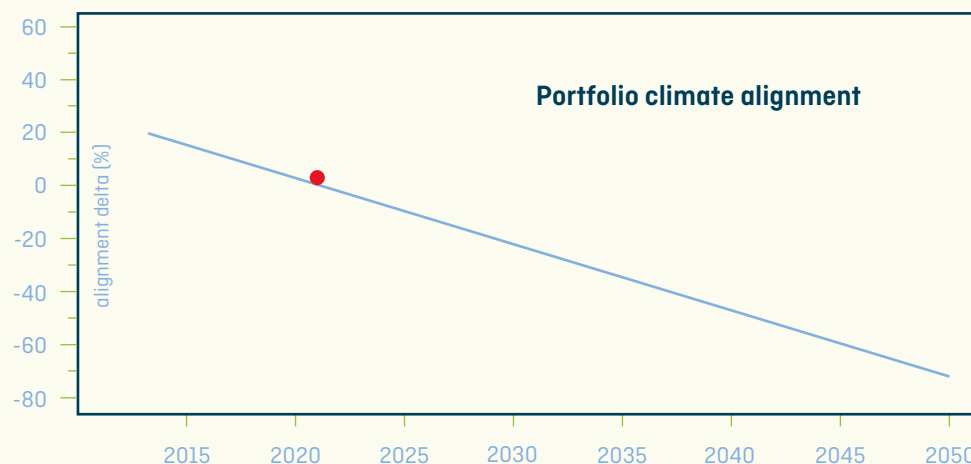


Portfolio climate alignment score: 2.6%

Cargo vessels climate alignment score: 2.6%

Passenger vessels climate alignment score: N.A.

Reporting percentage: 96%



SMBC

Signatory as of January 2021

What are your key takeaways from your climate alignment score?

The improvement of SMBC's shipping portfolio climate alignment is the result of our lending decisions as well as our customers' focus on improving efficiency and reducing carbon footprint. While our score remains impacted by the specific situation of the cruise sector, we are pleased to be nearing a full alignment of our cargo vessels portfolio.

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

The Poseidon Principles are helping us getting a much clearer and granular understanding of the carbon intensity of our loan book. They are in addition helping us shaping the strategic direction required to continue improving our score, as we are conscious that the targets will become harder to meet each year.

[Link to institutional report](#)



Since our first reporting last year, the Poseidon Principles have helped raised our awareness and understanding of the issues at stake to accelerate the decarbonisation of our lending portfolio. They are now forming an integral part of our sectorial approach to support our customers' transition plans.

Guillaume Dufour, Head of Maritime Finance, EMEA

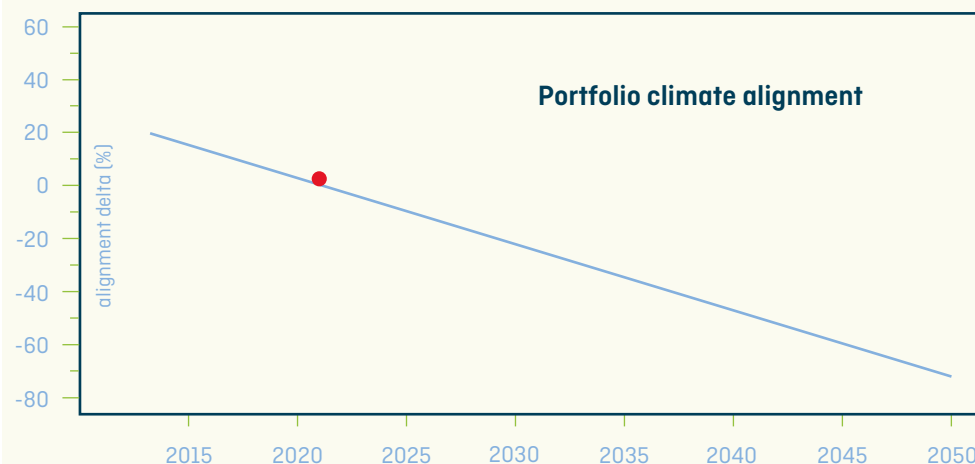


Portfolio climate alignment score: 2.5%

Cargo vessels climate alignment score: 0.6%

Passenger vessels climate alignment score: 26.8%

Reporting percentage: 68%



Sumitomo Mitsui Finance and Leasing Company

Signatory as of December 2020

What are your key takeaways from your climate alignment score?

We are pleased to be able to report this year's our climate alignment score. We were able to add a newly built LNG carrier with high environmental performance to our portfolio, which contributed to the improvement of our portfolio climate alignment this year. As a result, although this is our second report this year, we are satisfied with the steady improvement in our climate alignment score.

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

Commitment to Sustainable Development Goals (SDG) is one part of our vision with SMFL's management philosophy. Through our participation in the Poseidon Principles, we act in a transparent and accountable manner with respect to environmental issues related to ships, and on a daily basis we take actions aimed at improving our portfolio alignment score.



Sumitomo Mitsui Finance and Leasing



We at SMFL are pleased to announce an improvement over the previous year. However, we will not be satisfied with this result, and will continue to seriously work on the Sustainable Development Goals from the long term perspective, and contribute to the sustainable development of society.

Shinichiro Watanabe, Senior Managing Executive Officer

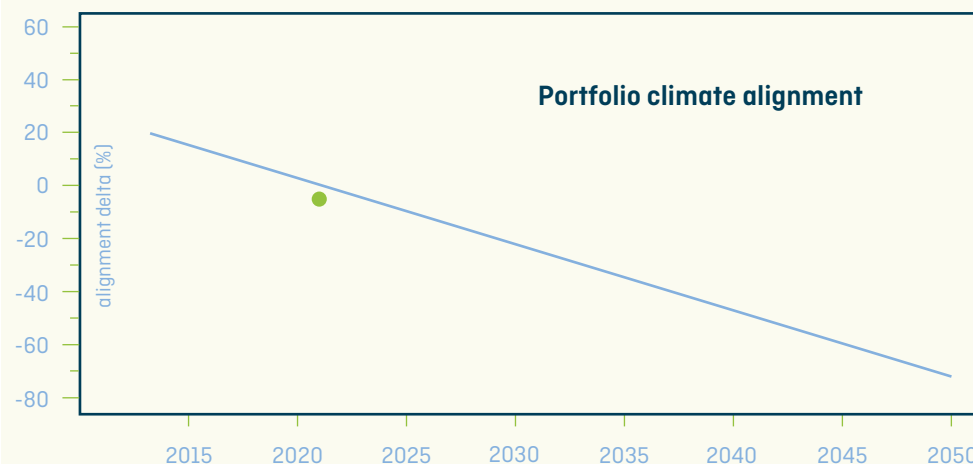


Portfolio climate alignment score: -5.0%

Cargo vessels climate alignment score: -5.0%

Passenger vessels climate alignment score: N.A.

Reporting percentage: 97%



Sumitomo Mitsui Trust Bank

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 second year result. We consider that our overall climate alignment score 2021 was broadly in line with our expectation and represented a reasonable result. Although the pandemic still impacts some segments for the year 2021, we are delighted that we could maintain our climate alignment score below the trajectory for 2 consecutive years. Nevertheless, it has revealed significant variances among the various vessel types, by year of build and so on. 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 decarbonisation 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](#)



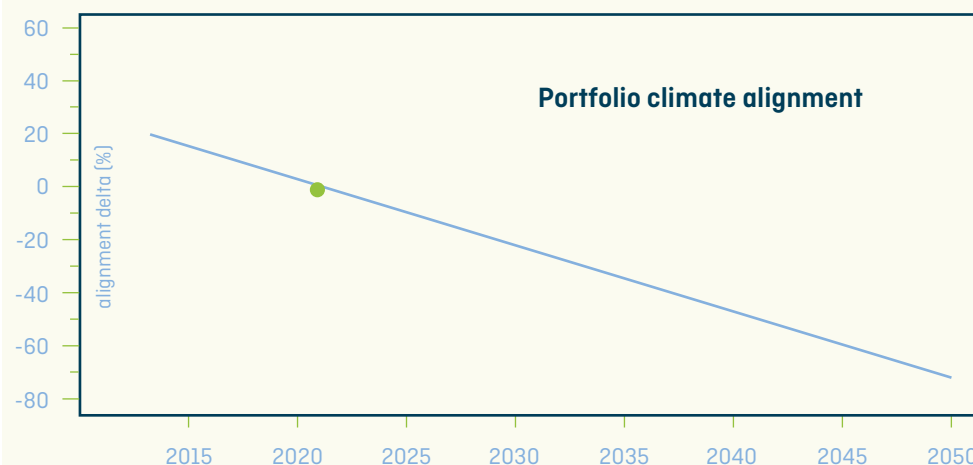
We are delighted to announce this year's result of the Climate Alignment calculation. As one of the leading global shipping finance banks, we believe that we can continue to support our clients whilst also playing a significant role in encouraging decarbonisation of the maritime industry. Our public 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: -0.4%

Reporting percentage: 86%



Key terms

AER AER means the Annual Efficiency Ratio, a carbon intensity metric.

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.

CII stands for **Carbon Intensity Indicator**. This is a rating system that the International Maritime Organization (IMO) developed, that measures how efficiently a ship transports goods or passengers and is given in grams of CO₂ emitted per cargo-carrying capacity and nautical mile. This will be a mandatory measure under MARPOL Annex VI, which comes into force in 2023, and will impact all cargo, RoPax and cruise vessels above 5,000 gross tonnage (GT) trading internationally.

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

Decarbonisation trajectory is produced by the Secretariat based on agreed and clearly-stated assumptions. The current decarbonisation trajectory used by the Poseidon Principles defines the rate of reduction of carbon intensity required to be aligned with the IMO's Initial Strategy absolute emission reduction ambition of at least 50% by 2050 on 2008 levels.

ECA stands for Export Credit Agency.

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

EEXI A ship's attained EEXI indicates its energy efficiency compared to a baseline.

GHG stands for Greenhouse Gas.

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.

LCA stands for IMO's Lifecycle Assessment model. This method refers to the assessment of greenhouse gas emissions from the fuel production to the end-use by a ship (Well-to-Wake); it results from the combination of a Well-to-Tank part (from primary production to carriage of the fuel in a ship's tank, also known as upstream emissions) and a Tank-to-Wake (or Tank-to-Propeller) part (from the ship's fuel tank to the exhaust, also known as downstream emissions).

Maritime Green Corridors are specific shipping routes where the technological, economic and regulatory feasibility of zero-emission shipping is catalyzed by public/private actions

MARPOL (The International Convention for the Prevention of Pollution from Ships) is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. The MARPOL Convention was adopted on 2 November 1973 at IMO.

MEPC stands for IMO's Marine Environment Protection Committee.

Signatory is a financial institution or ECA that has sent a formal declaration to the Poseidon Principles Secretariat, has had that declaration accepted, and has had that declaration announced.

Technical Guidance is the fundamental document of the Poseidon Principles describing the principles and the methodology, accessible on the [Poseidon Principles website](#).

References

[A Climate-Smart, Sustainable and Resilient Maritime Sector, Joint Statement](#), November 2022

[Annual Progress Report on Green Shipping Corridors](#), Global Maritime Forum, November 2022

[Climate Action in Shipping Report - Progress towards Shipping's 2030 Breakthrough](#), UMAS and UN Climate Change High Level Champion, September 2022

["Fourth IMO GHG Study 2020"](#). MEPC 75/7/15. International Maritime Organization

[Launch of the Green Shipping Challenge at COP27 - United States Department of State](#), November 2022

[Mapping of Zero Emission Pilots and Demonstration Projects](#), Getting to Zero Coalition, March 2022

[Review of Maritime Transport 2021](#), UNCTAD, November 2021

[Roadmap to 2040](#), Cargo Owners for Zero Emissions Vessels (coZEV), November 2022



Acknowledgements

The Annual Disclosure Report 2022 was developed by the Secretariat and the Advisory to the Poseidon Principles. Special thanks to all the **Signatories** and the **Steering Committee** who, through a continuous review process of the methodology, ensure that the Poseidon Principles remain practical, effective, and ambitious.

Secretariat

Global Maritime Forum

Johannah Christensen, Chief Executive Officer

Kasper Søgaard, Head of Institutional Strategy and Development

Jesse Fahnstock, Head of Research and Analysis

Lau Blaxekjær, Senior Project Manager

Morgane Graffion, ESG Lead

Anna Jilkova, Project Coordinator

Pauline Harich, Project Assistant

Tina Maver, Communications Manager

Trine Kirketerp-Møller, Communications Coordinator

Advisory

UMAS

Jean-Marc Bonello, Principal Consultant, UMAS

Akash Kapur, Consultant, UMAS

Image source, page 21:

Rob Beechey / World Bank Photo Collection / Climate Visuals

Layout by **Housatonic.eu**

Poseidon Principles

Amaliegade 33 B, 3rd floor
1256 Copenhagen K
Denmark

www.poseidonprinciples.org
info@poseidonprinciples.org

© Poseidon Principles

