

POSEIDON PRINCIPLES

Changes in the Technical Guidance

This document highlights changes and clarifications that have been made to the Technical Guidance. Minor changes (e.g., spelling errors) are not listed.

Latest version: **Version 5.0, October 2023 (published in February 2024)**

Version 4.2 to 5.0

Changes from version 4.2 (June 2023) to version 5.0 (October 2023)

- **UPDATING DECARBONISATION TRAJECTORIES (IMO INITIAL GHG STRATEGY - 2018) TO ALIGN WITH THE REVISED 2023 IMO GHG STRATEGY**

To reflect the necessary changes references to the IMO Initial GHG Strategy are replaced as relevant with references to the 2023 IMO GHG strategy, in particular, below are listed the changes:

Definitions

- The preamble and introduction were revised as appropriate to reflect the 2023 IMO GHG strategy.
- “Carbon intensity” is replaced by “emissions intensity” as relevant (when not referring to the 2018 IMO GHG Strategy)
- CO₂ is replaced by CO_{2e} (unless CO₂ is referenced exclusively)
- Update of “climate alignment” and “decarbonisation trajectory” definitions; “carbon intensity” definition is replaced by “emissions intensity”, addition of “LCA”, “tank-to-wake emissions” “well-to-wake emissions”, “well-to-tank emissions” in **Appendix 1**. Additional note “The “2023 Poseidon Principles” or “Version 5.0” refers to the version which uses the IMO 4th GHG Study trajectories and 2023 IMO GHG Strategy adopted during MEPC 80.
- Change in the wording used when referring to the ‘Initial IMO GHG Strategy’ to the ‘2018 IMO GHG Strategy’ for enhances clarity on which IMO strategy is being referred to.
- In **Appendix 2** “Selecting a carbon intensity metric” a paragraph has been added stating that “Both the EEOI and AER have not been updated yet to be aligned with the 2023 IMO GHG Strategy since they are still based on operational CO₂ emissions only.” and that “The advisory will be assessing the developments at the IMO and considering the implications on the Poseidon Principles.”
- **Appendix 3** “Definition of the decarbonisation trajectory and vessel continuous baselines” has been reviewed [see details below].

Implications – new trajectories including the move to well-to-wake emissions intensity

- Revised Poseidon Principles trajectories “2023 IMO GHG Strategy - ‘minimum’” and “2023 IMO GHG Strategy - ‘striving’” are described on page 16.
- Emission boundary now includes the impact of non-CO₂ GHG species namely methane (CH₄) and nitrous oxide (N₂O).
- Emissions intensity now has to represent the total GHG emissions (well-to-wake) to satisfy a supply of transport work (grams of well-to-wake CO_{2e} per tonne-nautical mile [gCO_{2e}/tnm]), meaning considering a full lifecycle approach.
- Section 2 “Assessment” was amended with revised emission reduction target and indicative checkpoints including an explanation of the shift to well-to-wake: Figure 2 featuring a visual representation of the differences between tank-to-wake, well-to-tank, and well-to-wake emissions and a text box with definitions has been added for clarification.
- Figures 3, 4 were revised to reflect the global fleet’s CO_{2e} emission trajectories under different decarbonisation targets linked to the 2023 IMO GHG Strategy and projections of business as usual.
- **Appendix 3**
 - Table 5 was amended to reflect the emissions budget translation from the Third IMO GHG Study to the 2023 IMO GHG Strategy ‘minimum’ and ‘striving’ numbers. Figure 18 was

- amended to reflect updated decarbonisation trajectory with updated values from Table 5. Figure 19 was also updated.
- features a new formula to calculate required emissions intensity, using tables 6 & 7 with coefficients for determination of required emissions intensity for vessel types under the 2023 IMO GHG Strategy - 'minimum' and 'striving' trajectories.
- An example on how to calculate emissions intensity is also provided.
- The baseline was changed from 2012 to 2018 together with a justification for considering emission intensity estimates from 2018. References were made to the IMO Revised Strategy.
- **Appendix 4** has only been kept for reference, to reflect 2023 reporting cycle on 2022 data which featured both reporting against the initial IMO 2018 GHG Strategy and the 2023 IMO GHG strategy ["minimum" and "striving"]. From 2024 on, Annual Disclosure Reports will be only against the 2023 IMO GHG Strategy.

Implications – well-to-wake emission factors for calculating climate alignment

- Equation 2 has been added to incorporate well-to-wake emission factors represented by C_e , to replace the carbon factors used to calculate C_i in Equation 1.
- Update on emission factors is mentioned pages 19/21, including update of the climate alignment definition to include well-to-wake approach as well as the decarbonisation trajectory one and update of Figure 6.
- Section 2.2. "Calculating vessel emissions intensity" was updated to explain that the Poseidon Principles provides a set of default emissions factors to calculate well-to-wake emissions and refers to Appendix 3.
- Example "Calculating alignment at the vessel and portfolio level" has been reviewed to reflect reporting against the new trajectories (Tables 1 & 2).
- In Table 3, the example "meeting disclosure requirements" has been updated to reflect the revised Signatory Reporting Template.
- **Appendix 3**
 - Gives more details on the rationale behind this set of default emission factors as an interim solution to fill the gap between the adoption of the 2023 IMO GHG Strategy and the publication of the IMO's lifecycle assessment (LCA) guidelines. Once the IMO LCA guidelines are published (MEPC.376(80) expected to be finalised during MEPC 81 in Q2 2024), the Poseidon Principles will evaluate them with the view of including them.
 - Sections on page 59-61 present the emission factors to be used under one of two scenarios
 - ❖ *Signatories only have basic DCS data, they are to use the default values.*
 - ❖ *Or if signatories have more granular data about fuels used and machinery on board (specifically for LNG vessels), more specific emission factors presented in the Appendix should be used).*

Guidance is given on which emission factors should be used depending on above scenario with Table 8 "Default well-to-wake emission factors" (when using IMO DCS based data) and Table 9 "Granular well-to-wake emission factors" (if signatories have more granular data about fuels used and machinery on board). Table 10 "Indicative LNG propulsion types for emission factor choice" can be used if Table 9 information is not enough to determine the engine type and Table 10 may be used to indicate the appropriate emission factor in Table 9 (to be used in reporting for those signatories that cannot identify the vessel engine type).

- A note mentions "As this is an evolving topic, the Poseidon Principles will keep evaluating the changing landscape of fuel lifecycle assessment and update the Technical Guidance accordingly"

• MOVE TO CONTINUOUS BASELINES

The guidance was updated to reflect the move from stepped to continuous baselines:

- **Appendix 3** "Definition of decarbonisation trajectory" was amended accordingly to read "Definition of the decarbonisation trajectory and vessel continuous baselines" and changed significantly to reflect this update.
- Figure 20 featuring existing and proposed required emissions intensity baseline for bulk carriers for 2023 IMO GHG Strategy - 'minimum' is added,

- **OTHER EDITORIAL CHANGES:**
 - Update of the Foreword
 - Clarifications in Principles wording
 - Spell “signatories” with a lower case “s”
 - Alignment of figures format
 - Remaining switch from American English to British English

Version 4.1 to 4.2

Changes from version 4.1 (August 2022) to version 4.2 (June 2023)

- **SWITCH TO BRITISH ENGLISH**
The style guide of the Poseidon Principles has switched from American English to British English.
- **REPORTING TIMELINE**
The data submission timeline has changed from Nov. 30 to Nov. 15.

Version 4.0 to 4.1

Changes from version 4.0 (June 2021) to version 4.1 (August 2022)

- **DEFINITION OF NON-REPORTING %**
Upon signatories’ decision, the number of the non-reporting % will be made public starting with the Annual Disclosure Report 2022 (this percentage was previously disclosed only internally). To reflect this, [Table 3 on page 33](#) was updated.
Furthermore, the guidance on how to calculate the non-reporting % was further clarified as follows: [The percentage is calculated against % of Signatory’s debt in portfolio](#), relying on the methodology outlined in Section 2.5.
- **DEFINITION OF DECARBONISATION TRAJECTORY**
Appendix 1 (“Definitions and abbreviations”) was expanded with a definition of a decarbonisation trajectory.
- **ROUNDED VALUES**
Firstly, a note was added on page 50 to clearly state that the values in Table 5 are rounded. Secondly, the formula in Figure 18 (page 52) was expanded to its full value.
- **EXCLUDING VESSEL CATEGORIES NOT IN SCOPE**
[Table 6 on page 53](#) was updated to display trajectory values only for those ship types and sizes that are in scope of the Poseidon Principles - in particular, ship categories with sizes smaller than 5,000 GT were excluded.
- **FIXING GRAPHS**
Colors in graphs in Figures 2 & 3 were corrected

Version 3.0 to 4.0

Changes from version 3.0 (September 2020) to version 4.0 (June 2021)

- **EXTENDED SCOPE**
The Poseidon Principles are now applicable also to [unmortgaged ECA loans tied to a vessel](#). This applies for all signatories, and is covered in the newest definition:
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, finance leases secured by title over vessel, [or unmortgaged ECA loans tied to a vessel](#) and 2) where a vessel or vessels fall under the purview of the IMO (i.e. vessels 5,000 gross tonnage and above which have an established Poseidon Principles trajectory whereby the carbon intensity can be measured with IMO DCS data). The scope of financial

products will be reviewed and may be expanded by signatories on a timeline that is at their discretion.

- **VERIFICATION LETTER**

We now also accept **Verification Letters** as well as Statements of Compliance, if provided by your client. **Verification Letters must expressly state the vessel's identification, reporting period relating to the IMO DCS, and must be duly signed.** As these letters are optional by shipowners, they are not the mandatory requirement.

- **SPECIFICATION OF THE VESSEL SCOPE**

To avoid any confusion about what is included in "international trade", the definition of the scope of the Poseidon Principles was clarified:

The specification by IMO DCS of ships, for which the data are collected, was specified to **vessels 5000 GT and above, not solely engaged in voyages within waters subject to the sovereignty or jurisdiction of the State the flag of which the ship is entitled to fly** (as mentioned in MARPOL Annex VI, Chapter 4, Reg. 19).

It is best practice to follow the provided trajectories for the ship type and size categories which fall into the scope and ask the Secretariat if you have any questions.

- **ADAPTING TRAJECTORIES TO THE LATEST GHG STUDY**

The trajectories in Table 6 will be adapted to the **Fourth** IMO GHG Study, as outlined in Appendix 3 of the Technical Guidance.

- **ADDITIONAL GUIDANCE FOR CALCULATIONS**

To best support the reporting process for signatories, additional guidance and best practice for the assessment principle have been added to the end of **Section 2 in the Technical Guidance**. These new recommendations include guidance on the calendar year, bilateral facilities, and the new ECA loans within scope.

- **NEW ADDRESS FOR THE SECRETARIAT**

Poseidon Principles Association c/o Global Maritime Forum 33B, **3rd floor**, 1256 Copenhagen K, Denmark.