



**POSEIDON  
PRINCIPLES**

# **A global framework for responsible ship finance**

March 2025



*As banks, we recognise that our role in the shipping industry enables us to promote responsible environmental stewardship throughout the global maritime value chain. The Poseidon Principles will not only serve our institutions to improve decision-making a strategic level, but will also shape a better future for the shipping industry and society.*

Michael Parker

Chair of the Poseidon Principles

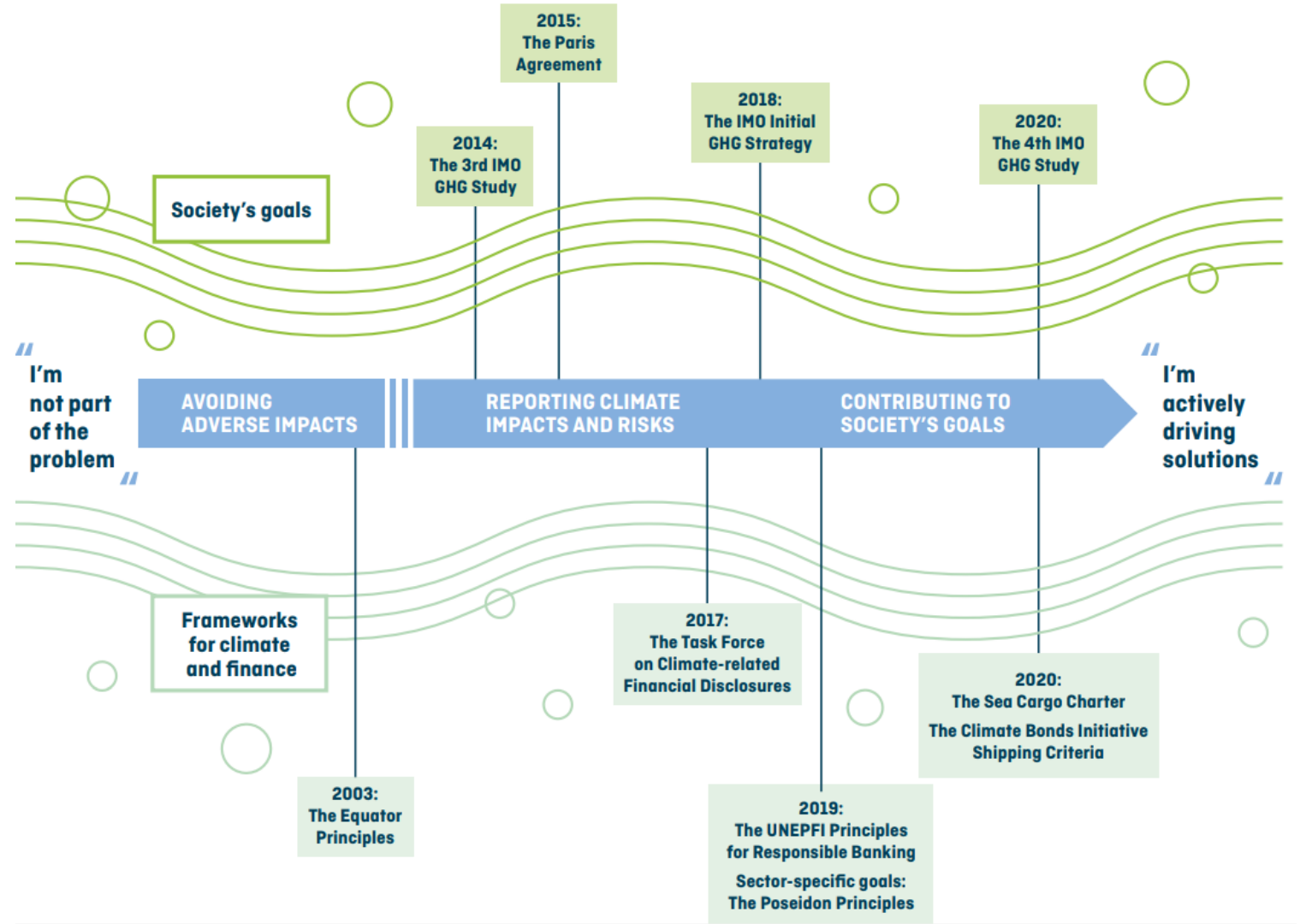
Chairman, Global Shipping, Logistics & Offshore, Citi

# Banks recognise the role they must play in decarbonisation

Learn more about the development of the Poseidon Principles and their purpose in the video below:



<https://www.youtube.com/watch?v=tFWVdcqP4uo>



# So the Poseidon Principles were born



# Connecting IMO ambitions to finance

## Financial Initiatives



**EQUATOR  
PRINCIPLES**

**TCFD**

TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

6 PRINCIPLES  
**SHAPING OUR FUTURE**



UNEP  
FINANCE  
INITIATIVE | PRINCIPLES FOR  
RESPONSIBLE  
BANKING



Alignment



Impact



Clients &  
customers



Stakeholders



Governance &  
target setting



Transparency &  
accountability



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Shipping sector  
commitments and  
ambitions

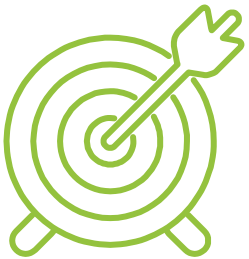


INTERNATIONAL  
MARITIME  
ORGANIZATION



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# Common baselines for climate alignment made for financial institutions



## What is the objective?

To 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.



## Which environmental factors?

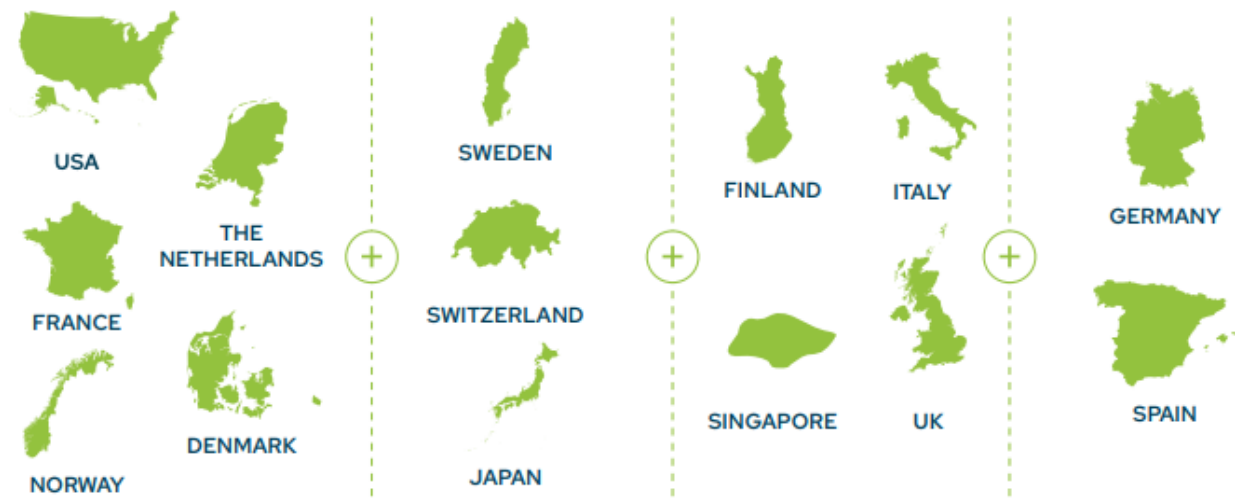
Climate alignment is the only environmental factor that is considered by the Poseidon Principles. Signatories may expand that scope in future if they choose.



## Who are they for?

The Poseidon Principles are applicable to **lenders, relevant lessors, and financial guarantors** including export credit agencies.

# 36 signatories from 14 countries disclosed climate alignment scores, representing about 80% of global ship finance



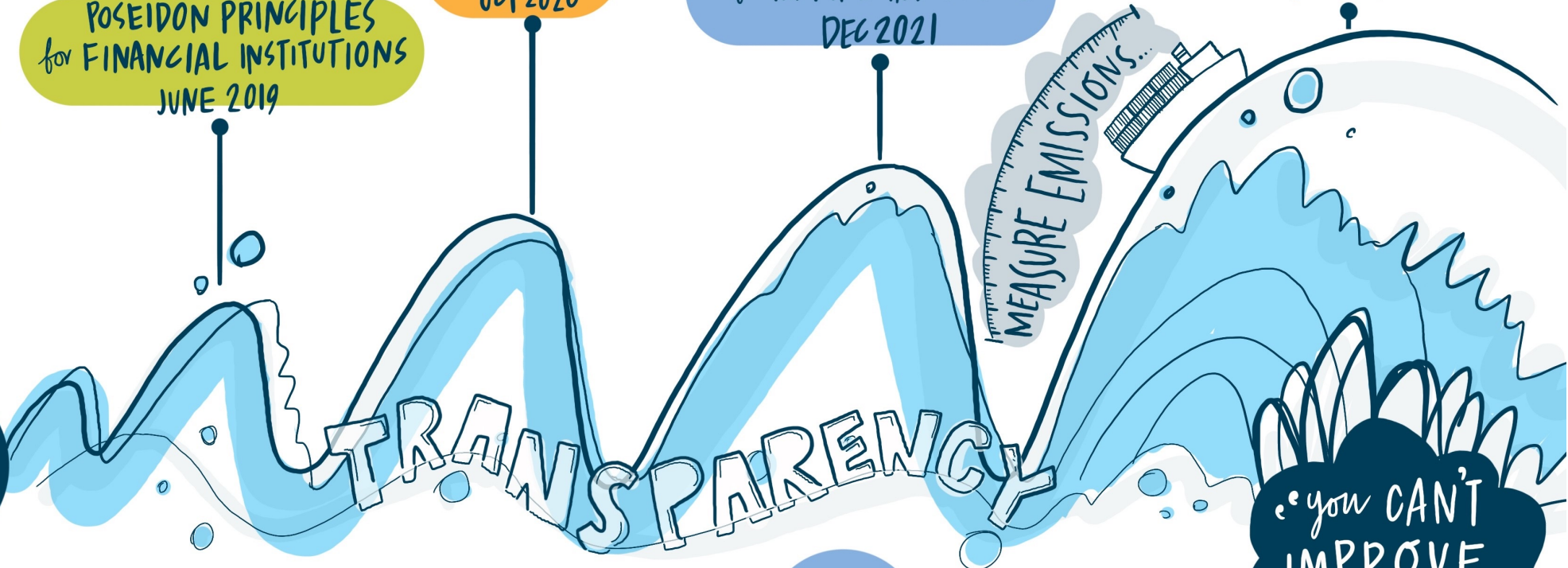
# How did we get here?

POSEIDON PRINCIPLES for FINANCIAL INSTITUTIONS  
JUNE 2019

SEA CARGO CHARTER  
OCT 2020

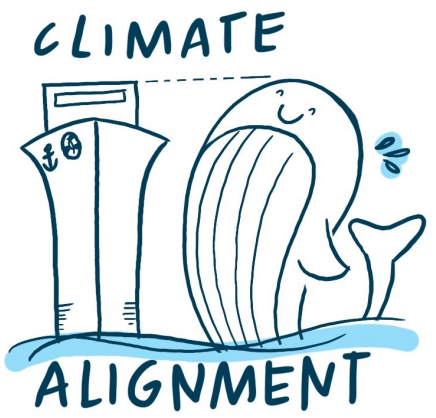
POSEIDON PRINCIPLES for MARINE INSURANCE  
DEC 2021

IMO REVISED GHG AMBITION  
JULY 2023

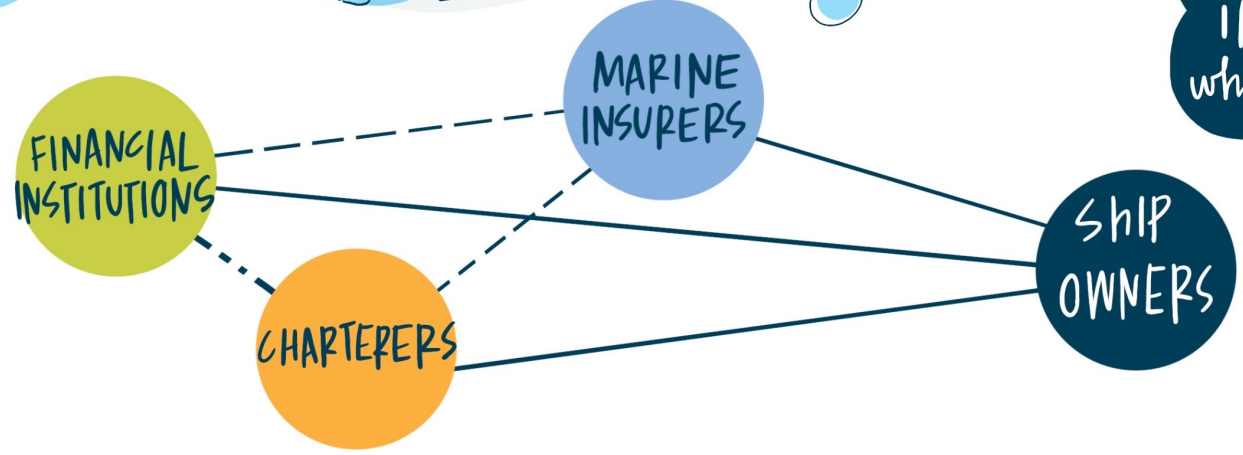


APRIL 2018  
IMO SETS  
INITIAL  
AMBITION

APRIL 2018  
GMF



the ECOSYSTEM



“you CAN'T IMPROVE what you can't MEASURE”



# Structured around four Principles



Requires assessment of portfolio climate alignment and defines methodology for calculation.

## Assessment

Relies on IMO standards and RO's for the provision of data across all signatories.



## Accountability



Inclusion of a mechanism which ensures access to high quality data from clients, securely.

## Enforcement

Publication of information in the Annual Disclosure Report and individual corporate reports



## Transparency





# Principle 1: Assessment

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

Signatory commitment:

***“We will annually assess climate alignment in line with the Technical Guidance for all business activities.”***



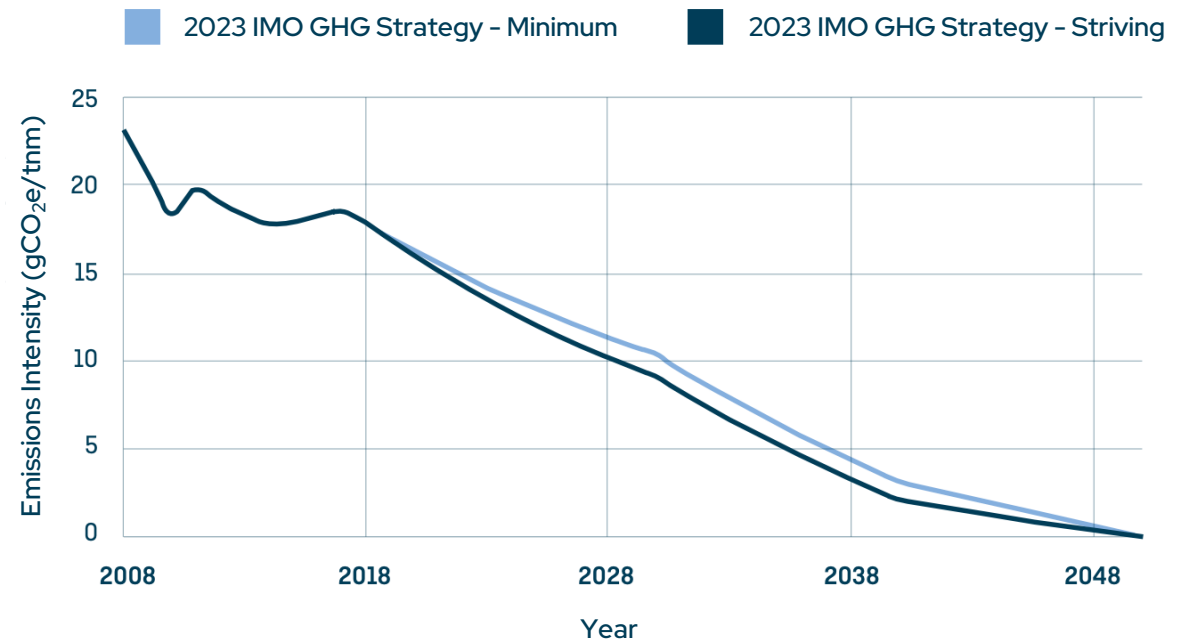
# Principle 1: Assessment

## What are climate alignment scores?

- A representation of the relationships between the **actual emissions intensity** and the **allotted emissions intensity** based on a pre-defined decarbonisation trajectory.

A decarbonisation trajectory is a representation of how many grams of CO<sub>2</sub>e can be emitted to move one tonne of goods one nautical mile (gCO<sub>2</sub>e/tnm) over a time horizon to be in line with given emissions targets.

The method used for establishing the decarbonisation trajectory up to 2050 is derived from emission and transport work data from the Fourth IMO GHG Study.



# Principle 1: Assessment

## What is emissions intensity based on?

- The **AER (Annual Efficiency Ratio)** is the emissions intensity metric used to calculate actual emissions intensity in the Poseidon Principles.

$$\text{AER} = \frac{\sum_i C_i}{\sum_i \text{dwt} D_i}$$

*CO<sub>2</sub> emissions* ↓

↗ *Cargo proxy (ship size)*      ↖ *Distance sailed*

### Data required to calculate AER:

- fuel consumption
- distance traveled
- deadweight at maximum summer draught

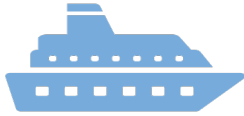








*Note: A well-to-wake emission factor is used in place of a carbon emission factor in the calculation of C<sub>i</sub> to calculate the emissions intensity.*

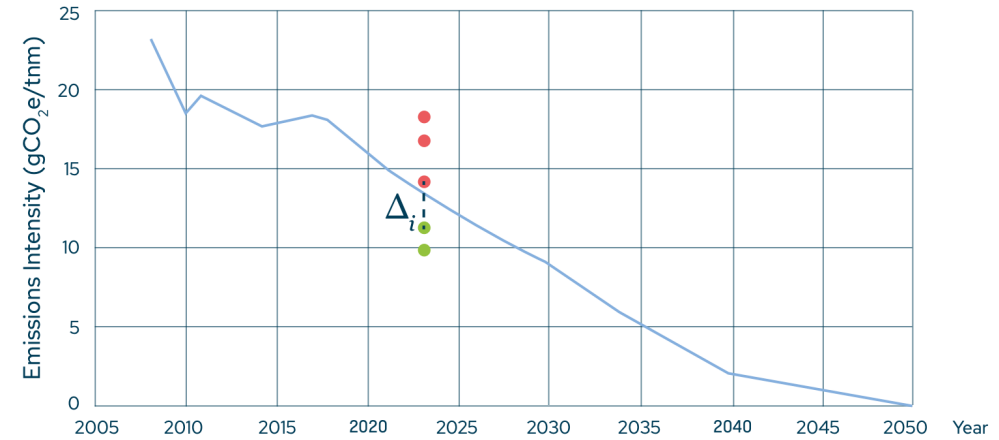
See examples in Section 5 of the Annual Disclosure Report 2024

# Principle 1: Assessment

## How are climate alignment scores calculated?

- First, vessel level climate alignment is calculated. Then, these values are aggregated to produce an overall portfolio climate alignment score.

Actual Emissions	Alloted Emissions	Vessel Alignment
 6.72 gCO <sub>2</sub> e/tnm	 4.30 gCO <sub>2</sub> e/tnm	 <b>+56.28%</b>
 29.06 gCO <sub>2</sub> e/tnm	 38.60 gCO <sub>2</sub> e/tnm	 <b>-24.72%</b>
 10.04 gCO <sub>2</sub> e/tnm	 8.50 gCO <sub>2</sub> e/tnm	 <b>+18.21%</b>



A positive climate alignment score is **misaligned**, or above the decarbonisation trajectory.

A negative or zero climate alignment score is **aligned**, or below the decarbonisation trajectory)

# Principle 2: Accountability

Signatories will rely on the International Maritime Organization (IMO) standards and Recognized Organizations (RO), along with data types, data sources, and reporting pathways for the provision of identical, unbiased information in all steps of assessing climate alignment as identified in the Technical Guidance.

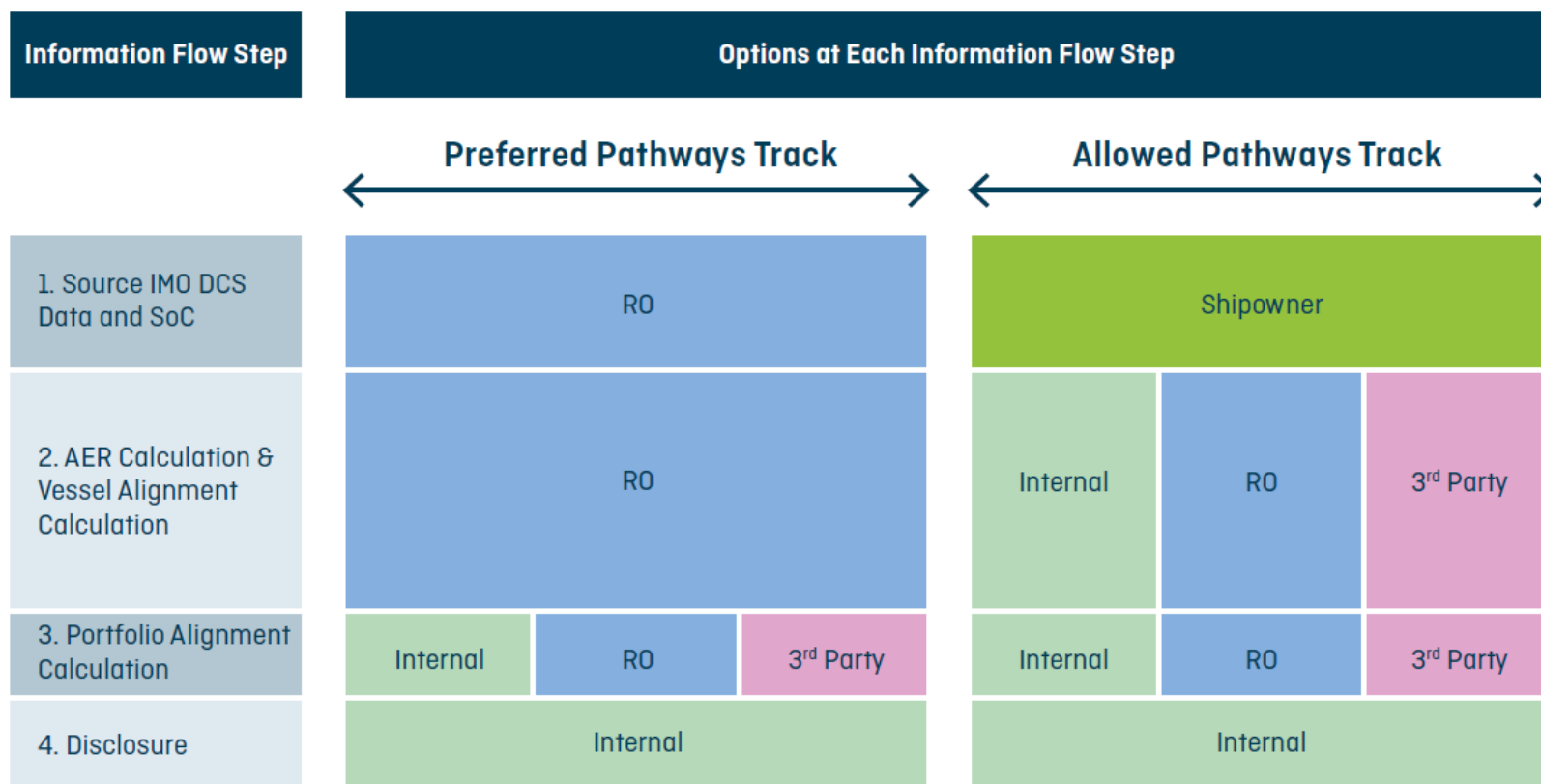
Signatory commitment:

***“We recognise the important role that classification societies and other IMO ROs 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. 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.”***



# Principle 2: Accountability

- Specific requirements regarding data types, data sources, and service providers are stated at each information flow step.




Two information flows to choose from. The Preferred Pathway is recommended and relies on IMO Recognized Organizations (ROs)



# Principle 2: Accountability

- Regardless of the pathway used, signatories meet the accountability requirements in **Step 4. Disclosure** by submitting information to the Secretariat by the deadline every year.
- This includes both publicly and internally disclosed information as set in the Signatory Reporting Template, which is available on the website.



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**Signatory Reporting Template**

This sheet is to be filled in by signatories and returned to the Secretariat in due time. Please fill in all cells in light blue. Unless stated otherwise, all light blue fields are mandatory. Please round all numeric values to one decimal point. Reach out to [info@poseidonprinciples.org](mailto:info@poseidonprinciples.org) if you have any questions.

Year of disclosure	2024
Signatory's name (institution, as you would it written in the report):	[text]
Link to institutional report for inclusion on reporting page(s):	[text]

PUBLIC DISCLOSURE  
(to be included in the report and shared publicly)

Climate alignment scores	2023 IMO GHG Strategy		
		Minimum	Striving
Overall climate alignment score	[rounded to one decimal]	x.x%	x.x%
<b>Output:</b> Climate alignment score cargo vessels	[rounded to one decimal]	x.x%	x.x%
<b>Output:</b> Climate alignment score passenger vessels	[rounded to one decimal]	x.x%	x.x%

Open ended questions

What are your key takeaways from your climate alignment score? *	[50 words max]	[text]
How have the Poseidon Principles influenced your business activities and decision-making, or how will they inform these areas in the future?	[50 words max]	[text]

\*Optional comments  
 1) For signatories with shuttle tankers in their portfolio, please include 1-2 sentences at the end of your answer explaining how applying the CO<sub>2</sub> correction factor, in accordance with section 4.2 of GHGDC 235(7)(b), would impact your overall climate alignment score.  
 2) If signatories have decided to recalculate their 2023 climate alignment scores they can comment here.

Quote

Quote (from head of shipping or similar)	[approx. 50 words]	[text]
Quote	Name	[text]
	Title	[text]

Reporting percentages

Portion of activities reported	[against % of signatory's debt in portfolio]	x.x%
Portion of activities not reported	[against % of signatory's debt in portfolio]	x.x%

Validation (automatically calculated)  
(reported + non-reported) / 100%      0.0%

INTERNAL DISCLOSURE  
(to be shared with other signatories)

Preferred vs. allowed pathway

(please round all values to one decimal)	% of portfolio for which Preferred pathway tracks are used	% of portfolio for which Allowed pathway tracks are used	Note the providers used or any additional comments
Step 1: Sourcing IMO DCS data and verification	x.x%	x.x%	[text]
Step 2: Calculating vessel level emissions intensity and climate alignment	x.x%	x.x%	[text]
Step 3: Calculating climate alignment of portfolio	x.x%	x.x%	[text]
<b>Overall average (automatically calculated)</b>	<b>0.0%</b>	<b>0.0%</b>	<small>Validation (automatically calculated) (preferred + allowed) / 100%</small>

Non-reporting open-ended questions

What are the main reasons behind the non-reporting percentage score for this year? (required if those signatories whose portion of activities reported is 90% or below - this is only internal)	[text]
Are there any other challenges you are facing in data collection and reporting?	[text]

Additional information

Emission factors	[please use the drop-down menu to indicate the type of emission factors used]	[text]
Shuttle tankers	[please use the drop-down menu to indicate if your portfolio comprises of shuttle tankers]	[text]
Total shipping portfolio value in USD**	[please indicate the total shipping portfolio size, including outside of the Poseidon Principles scope]	\$0.00

\*\* The portfolio size will not be shared publicly or with other signatories, it will only be used to calculate an aggregated number on behalf of the Poseidon Principles Association.





# Principle 3: Enforcement

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

Signatory commitment:

***“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.”***



# Principle 3: Enforcement

## What is the purpose of covenant clause?

- A Standard Covenant Clause is provided by the Secretariat and used by signatories to ensure access high quality data from their clients, securely.
- To reduce admirative burden on clients, the data requested is the same information already required to be submitted to the IMO DCS.



# Q Principle 4: Transparency

Signatories will publicly acknowledge their participation in the Poseidon Principles and publish their climate alignment scores in the Poseidon Principles Annual Disclosure Report and their own corporate reports each year. Transparency ensures the overall awareness of the Poseidon Principles and that accurate information can be published by the Secretariat in a timely manner.

Signatory commitment:

***“We will publicly acknowledge that we are a signatory of the Poseidon Principles and we will publish the results of the portfolio climate alignment score of our business activities on an annual basis in line with the Technical Guidance.”***



# Q Principle 4: Transparency

## Requirement 1

Upon becoming a signatory, the financial institution will publicly acknowledge that it is a signatory of the Poseidon Principles.

## Requirement 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 15 November. This requirement takes effect for each signatory in the calendar year after the year in which it became a signatory.

## Requirement 3

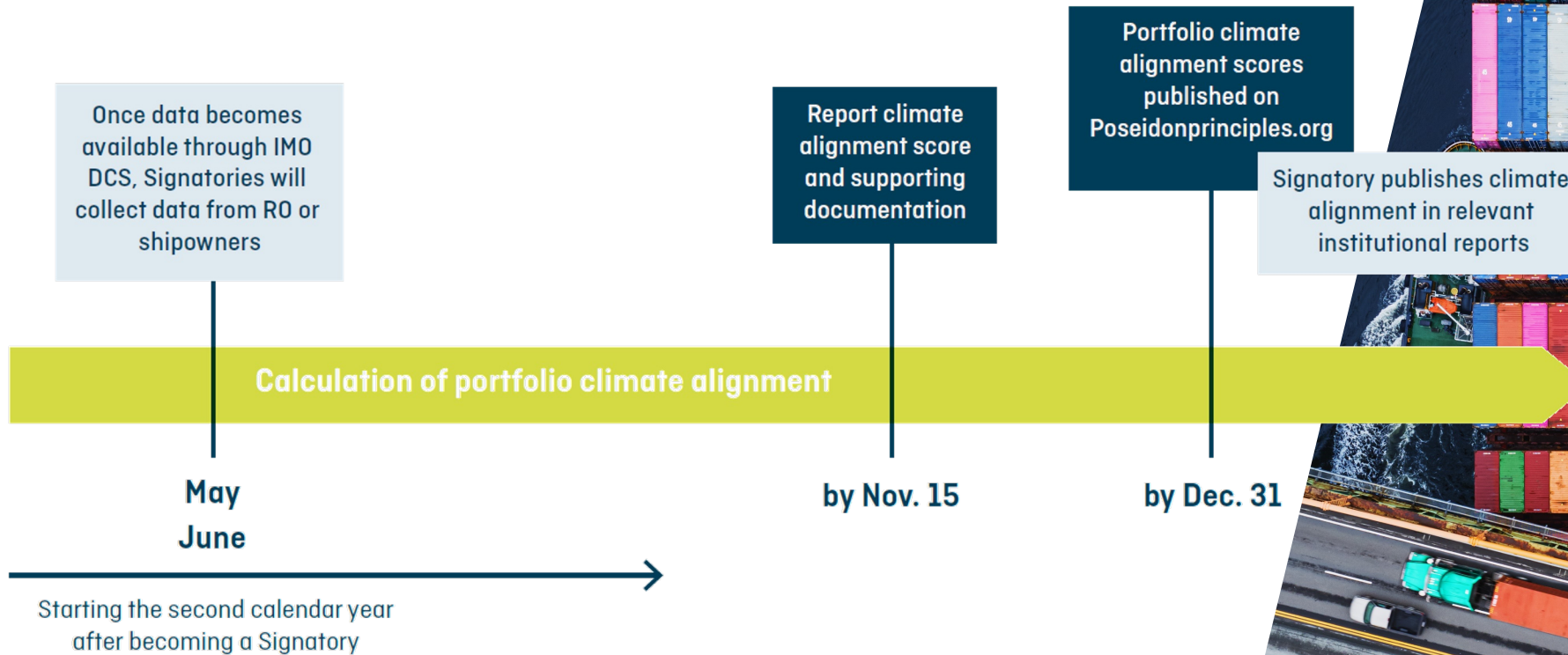
On an annual basis, each signatory will publish the overall climate alignment of its shipping portfolio in relevant institutional reports on a timeline that is appropriate for that signatory.

## Annual Disclosure Report

The Secretariat collects the reported submissions from all eligible signatories and publishes the information in the Annual Disclosure Report.



# A clear reporting timeline



# Governed by members

- The Poseidon Principles Association, a separate legal entity, is responsible for the governance, management, administration, and development of the Principles, Poseidon Principles. All signatories are members of the Association.
- The Association is led by a Steering Committee made up of elected signatories. The current Chair is Michael Parker of Citi, and the Vice Chair is Paul Taylor of Société Générale.
- Global Maritime Forum acts as the Secretariat.
- UMAS and Rocky Mountain Institute as the Advisory. The Advisory can be expanded if other topics are added at a later stage.
- The Association is self-funded by signatories.



# Benefits of becoming a signatory

- Recognition of the role financial institutions play in promoting responsible environmental stewardship throughout the maritime value chain.
- Signal commitment to sustainable development and well-being of society and the international shipping industry.
- Gain access to valuable asset-level information that can be used to assess potential climate risks that may impair returns in the future.
- Collect data which helps with the strategic management of maritime assets, as it brings precious input into internal decision making.
- Join a network of like-minded organizations, who support & exchange best practices.



# How to become a Signatory

## STEP 1

- Submit Standard Declaration (formal commitment)
- Submit Signatory Application (contacts & practical information)
- Submit signed Membership Agreement (agreeing with rules of the Association)

## STEP 2

- Prepare and submit the Self-Assessment within 5 months of becoming a Signatory





# How to become a Signatory

## STEP 3

- With the support of the Secretariat, publicly announce that the financial institution has become a signatory.
- The new signatory logo and quote will be added to the website and all relevant material.

## STEP 4

- Pay the Sign-on and Annual Fee, which are agreed upon by all members every year at the Annual Meeting.

### Sign-on Fee

One-time sign-on fee when joining the Poseidon Principles Association.

€12,000 in 2025

### Annual Fee

Fee paid annually by all signatories. In the first year, the Annual Fee is required in addition to the Sign-on Fee.

€10,000 in 2025\*

\*Following Steering Committee recommendation, fees are to be approved at the 2025 Annual Meeting.



# Future developments

## Future Principles Committee

Exploring possible topics outside of decarbonisation for potential inclusion in the Poseidon Principles.

**ship recycling   biodiversity   waste management**  
**noise pollution   crew safety/welfare   gender equality**

*This work is currently taking place and any future topic inclusion is subject to the signatories approval.*





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# Annual Disclosure Report 2024

5<sup>TH</sup> EDITION



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# Climate alignment scores have improved since the last disclosure report

- 2<sup>nd</sup> report aligned with 2023 IMO GHG Strategy (net-zero by 2050 + checkpoints in 2030 and 2040) & 5<sup>th</sup> report published
- Model for industry-specific transparent climate disclosure, noting the exchange of data has fostered a mutually beneficial relationship with clients, which support the IMO's goals.
- Results show an **overall improvement of scores**, yet far from alignment and decarbonisation pathway as set by the IMO.
  - The average score against the **minimum trajectory** was **+19.4%** (misaligned) *compared to +27.2% last year*
  - The average score against the **striving trajectory** was **+25.1%** (misaligned) *compared to +32.1% last year*
  - Average reporting percentage 93.3%, with eight reaching 100%



### **1. Climate alignment scores provide actionable insights**

- enable signatories to take targeted efforts in collaboration with their clients through fact-based evaluations of ship performance.
- some signatories have chosen to align their business strategies with the Poseidon Principles trajectories, and it has become a foundational framework for ship financing.

### **3. Improvements continue despite increasing complexity and ambition**

- This showcases the impact of targeted investments and enhanced reporting quality and commitment to improving climate alignment.
- Focus on new technologies, improved fuel efficiency, the deployment of new, more efficient vessels, and the use of biofuels alongside traditional fuels

### **2. High reporting rates show that collaboration with clients is key**

- Signatories see their role as not just tracking emissions but actively supporting clients through financing solutions for retrofits, newbuilds, and energy-saving measures and co-creating solutions

### **4. The type of vessels financed plays a significant role in alignment scores.**

- Fleet composition emerged as a primary driver of climate alignment outcomes
- Specific vessel types, such as shuttle tankers and LNG bunkering vessels, are outliers that skew alignment scores due to their unique operational characteristics. LNG carriers were frequently mentioned as a double-edged sword.

# A positive outlook for the next five years despite uncertainty

- Current signatories can guide future portfolio management and lending decisions and help structure sustainability-linked loans based on climate alignment.
- There seems to be an increasing appetite for investments in technology, fuel efficiency, unconventional fuels (like biofuels), and alternative propulsion systems due in part to regulations (like the CII) and the revised IMO GHG ambition.
- There will be continued collaboration with clients to ensure that decarbonisation goals are met while considering the unique nature of certain vessel types and activities.
- Work is already ongoing to continue to refine vessel-specific trajectories, and possibly expand the reporting scope beyond only climate alignment with the Future Principles Committee.



# Get in touch!

✉ [info@poseidonprinciples.org](mailto:info@poseidonprinciples.org)

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in <https://www.linkedin.com/company/poseidon-principles/>



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