

THE POSEIDON PRINCIPLES ASSOCIATION

GOVERNANCE RULES

DATED September 2019; UPDATED January 2026

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1 INTRODUCTION

This document sets out the rules of the Poseidon Principles Association, a non-profit association registered with the Central Business Register of Denmark.

2 DEFINITIONS

"Accession Date" means the date on which an entity adopts the Principles and becomes a Member in accordance with Rule 7.

"Administrative Representative" means, in respect of any Member from time to time, the individual that has been designated by that Member in accordance with paragraph (a) of Rule 10.4.

"Advisory" means any third-party entity that provides technical guidance or expertise in relation to the Principles from time to time.

"Annual Fee" means the annual fee payable by each Member, as further described in Rule 20.

"Annual Meeting" means the meeting of Members to be held once a year, as further described in Rule 17.

"Application" means the agreement to be entered into by intended Members to adopt the Principles and become a member of the Association in accordance with Rule 7.

"Association" means the Poseidon Principles Association, a non-profit association registered in Denmark whose object is the management, administration and development of the Principles.

"Associate Member" means an entity which:

- (a) underwrites and/or arranges transactions for Relevant Vessels in the debt and capital market;
- (b) provides loans or other credit facilities, finance leases or guarantees, in each case unsecured, to a Relevant Vessel; or
- (c) is a Relevant Institution but is not ready or able to meet the requirements of Rule 8.1,

and who has become and remains a Member of the Association in accordance with the Principles, the Application, and these Rules and whose name appears on the list of Associate Members on the Association's website.

"Auditor" has the meaning given in Rule 20.14.

"Business Activity" means the provision of any:

- (a) loan or other credit facility;
- (b) finance lease; or
- (c) guarantee,

in each case secured on or relating to a Relevant Vessel.

"Business Day" means a day on which banks are open for business in Denmark and England and Wales, excluding Saturdays and Sundays.

"Chair" means the Signatory elected to chair the Steering Committee, as further described in Rule 12.

"Financial Year" means 1 January to 31 December.

"IMO" means the International Maritime Organisation.

"Insolvency Event" means, in relation to a Member that it: (1) is dissolved (other than pursuant to a consolidation amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment or insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding –up or liquidation by it or such regulator, supervisor or similar official; (5) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other

relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (4) above and: (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within thirty (30) days of the institution or presentation thereof; (6) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 3 of the Banking Act 2009; (7) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (8) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which may be made, or is made, by a person or entity described in paragraph (4) above; (9) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter; (10) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in items (1) to (9) (inclusive); or (11) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Management Support" means a member of the Steering Committee that undertakes a management support role, as further described in Rule 14.

"Members" means Signatories and Associate Members collectively.

"Principles" means the principles setting out a risk management framework to enable alignment of portfolios with responsible environmental impacts to promote responsible environmental stewardship, entitled the "Poseidon Principles", the current version of which can be found on the Association's website.

"Qualifying Institution" means an entity that is eligible to apply and potentially become a Member of the Association as set out in Rule 6.

"Relevant Institution" means a lender, finance lessor or financial guarantor which carries out any Business Activity.

"Relevant Vessel" means a vessel to which the rules of the IMO apply.

"Rules" means the rules of this Association set out in this document as may be amended from time to time in accordance with Rule 10.5.

"Secretariat" means a third-party entity which manages administrative functions on behalf of the Association as further described in Rule 21, the name and contact details of which are specified on the Association's website.

"Self-Assessment" means a self-assessment in substantially the form set out on the Association's website.

"Signatory" means a Relevant Institution that has become and remains a Member of the Association in accordance with the Principles, the Application and these Rules and whose name appears on the list of Signatories on the Association's website.

"Sign-on Fee" means the one-time fee payable by each Member upon joining the Association, as further described in Rule 20.

"Steering Committee" means the committee appointed to manage the Association as further defined in Rule 11.

"Treasurer" means the member of the Steering Committee elected by simple majority vote of the Steering Committee to be an authorised signatory of the bank accounts of the Association, as designated in writing by the Steering Committee to the Secretariat from time to time. The Chair or the Vice Chair can be the Treasurer, if elected in accordance with these Rules.

"Vice Chair" means the member of the Steering Committee elected to assume the role of the Chair if the Chair is unable to do so, as further described in Rule 13.

"Working Group" means any group of Members convened by the Steering Committee that meets from time to time to discuss and provide guidance to Members on particular issues associated with the management, administration or development of the Principles, as further described in Rule 15.

3 OBJECTS OF THE ASSOCIATION

3.1 The objects of the Association are to:

- (a) promote the adoption of the Principles by additional Relevant Institutions;
- (b) encourage the implementation of the Principles by the Members;
- (c) develop the Principles as the Signatories think fit to support the IMO in its measures to reduce greenhouse gas emissions and to address any other adverse environmental impacts identified in relation to international shipping;
- (d) develop and maintain relations with other bodies who are involved in the development of environmental standards including sharing know-how;
- (e) create opportunities for Associate Members to support the aforementioned objects;
- (f) manage the Association for the benefit of the Members; and
- (g) do any other such things to further any of the above.

4 AIM OF THE PRINCIPLES

4.1 The aim of the Principles is to provide a risk management framework to enable alignment of portfolios with responsible environmental impacts to promote responsible environmental stewardship in the maritime sector (as may be modified from time to time by the Members in accordance with these Rules).

5 DISCLOSURE OF INFORMATION AND COMPLIANCE WITH LAWS

- 5.1 These Rules provide the framework for the administration, management and development of the Principles by the Members to promote responsible environmental stewardship throughout the maritime value chain for the benefit of the environment, the Members and society as a whole. Subject to compliance with the other provisions of this Rule 5, the sharing of ideas and experiences between the Members is encouraged both to facilitate the implementation of the Principles and to develop them further in accordance with the aims of the Association. However, when sharing information, each Member recognises the need to comply with all relevant applicable laws and, in particular, those relating to client confidentiality and anti-competitive practices.
- 5.2 Each Member shall ensure that the Principles and any discussions or other contact with other Members are not used in any way that may breach any relevant applicable law relating to concerted practices, agreements or exchanges of information that may restrict competition or any other anti-competitive practices.
- 5.3 Each Member shall comply with all relevant applicable laws relating to client confidentiality in its implementation of the Principles.
- 5.4 The Association and each Member agree that they shall comply with all relevant applicable data protection laws (including the General Data Protection Regulation (EU) 2016/679) in relation to the use, processing and/or transfer of personal data of any individual that it receives in connection with the management or administration of the Principles and the Association.
- 5.5 Each Member shall ensure, and the Association may assume, that when personal data of an individual is disclosed to the Association by a Member, all legal requirements have been satisfied to enable the Association to lawfully use, process and/or transfer that personal data.
- 5.6 Personal data received from a Member will be processed by the Association in accordance with the Association's privacy notice, which can be accessed on the Association's website, or for other purposes as necessary for the Association's legitimate interests as disclosed at or before the time the personal data is received.
- 5.7 Each Member shall ensure it has in place internal procedures that reflect its obligations under this Rule 5.
- 5.8 No Member shall hold itself out as representing the Association other than the Chair and other members of the Steering Committee from time to time in their capacity as such.

6 MEMBERSHIP

- 6.1 Any entity qualifying as either a Signatory or an Associate Member pursuant to the conditions set out in the definition of each of the two membership types in Rule 2 shall, subject to the process set out in Rule 7, including the vetting and approval of the Steering Committee, be eligible to become a member of the Association, if it:
- (a) is not and has not at any time during the five years preceding the Application been subject to an Insolvency Event;
 - (b) meets the requirements set out in Rule 7.1; and
 - (c) agrees to meet the annual reporting obligations as relevant to the membership type.

- 6.2 Whilst the decision to become a Member is voluntary, a Member must take all appropriate steps to implement and comply with the Principles as applicable to their membership type.
- 6.3 Relevant Institutions are encouraged to become a Signatory through a group holding company to enable compliance and reporting at the group level.
- 6.4 A Relevant Institution which joins as an Associate Member and is able to meet the requirements in Rule 8.1 will be strongly encouraged to adjust its membership type to be a Signatory within a reasonable timeline.
- 6.5 For avoidance of doubt, a Signatory is not able to adjust their membership type to an Associate Member, unless in exceptional circumstances approved by the Steering Committee, or in accordance with Rule 19.3.

7 BECOMING A MEMBER

- 7.1 To become a Member, a Qualifying Institution must:
- (a) complete a declaration in the form provided by the Secretariat and execute it, ensuring that it has first been signed off by a representative of the Qualifying Institution with authority to enter into such commitment and that any signatory of the declaration has authority to bind the proposed member;
 - (b) complete and execute the Application (ensuring that any signatory of the Application has authority to bind the proposed member), which requires the Qualifying Institution to provide contact names and details; and
 - (c) submit the documents referred to in paragraphs (a) and (b) above to the Secretariat for consideration.
- 7.2 The Secretariat will check that such Qualifying Institution has complied with this Rule 7 and, if it has, will inform the Chair and the Steering Committee which shall decide whether or not to instruct the Secretariat to accept the Application, and shall agree an Accession Date with the proposed new member.
- 7.3 On its Accession Date:
- (a) the new Member shall pay the Annual Fee and Sign-on Fee applicable to the membership type;
 - (b) the new Member will issue a press release announcing that it has adopted the Principles;
 - (c) the Qualifying Institution will become a Member of the Association;
 - (d) the Secretariat will update the Association's website to include the Qualifying Institution in the list of Members relevant to the membership type; and
 - (e) the new Member will be entitled to display the logo of the Principles, but the logo of the Principles is the exclusive property of the Association.
- 7.4 The first Accession Date shall be no earlier than the date when 10 Relevant Institutions have applied to become Signatories in accordance with these Rules.

8 SIGNATORY OBLIGATIONS

8.1 Each Signatory shall:

- (a) within five months of becoming a Signatory, complete and submit a Self-Assessment to the Secretariat;
- (b) comply with its reporting requirements as set out in the Principles within the timescales specified there;
- (c) pay the Annual Fee as provided in Rule 20;
- (d) remain eligible for membership in accordance with Rule 6; and
- (e) comply with all other provisions of these Rules.

8.2 For the avoidance of doubt, no Signatory is required to publish information where disclosure would breach any relevant applicable law or regulation.

8.3 If material changes to the Principles have been made, the Steering Committee may agree to exceptions to the reporting requirements for a defined transition period.

9 ASSOCIATE MEMBER OBLIGATIONS

9.1 Each Associate Member shall:

- (a) pay the Annual Fee as provided in Rule 20;
- (b) remain eligible for membership in accordance with Rule 6;
- (c) comply with all other applicable provisions of these Rules.

9.2 For avoidance of doubt, no Associate Member is required to publish information where disclosure would breach any relevant applicable law or regulation.

10 GOVERNANCE OF THE ASSOCIATION

10.1 The Steering Committee and, where appropriate, one or more Working Groups shall be responsible for the management of the Association and the development of the Principles.

10.2 Each Signatory is encouraged to participate in the management of the Association and the development of the Principles. Where possible, management of the Principles operates by consensus with the Signatories being consulted to ensure any proposal to amend the Principles or any other decision has the support of the majority of the Signatories.

10.3 Each Associate Member is encouraged to participate in the development of the Principles when relevant. Where possible and upon approval by the Chair, Associate Members can join Working Groups.

10.4 Each Member will designate in writing to the Secretariat:

- (a) one individual who is authorised to deal with all administrative, process and reporting aspects in relation to the Principles, save for invoices relating to the Sign-on Fee or Annual Fee;

- (b) one individual who is authorised to deal with invoices addressed to the Member relating to the Sign-on Fee and Annual Fee;
- (c) where applicable, up to two individuals in its employment to represent it in the Steering Committee or any other Working Group of which it forms part. For the avoidance of doubt, save where those individuals are elected as the Chair or the Vice Chair, only one such individual may attend and vote at a meeting of the Steering Committee or relevant Working Group at any one time. If one or both of such two individuals is elected as Chair and/or Vice Chair, both of such individuals may attend at a meeting of the Steering Committee or the relevant Working Group but only one such individual may vote at such meeting; and
- (d) up to two individuals who may represent it at any meeting of the Association and exercise its voting rights (although, for the avoidance of doubt, only one may vote at any one time), and shall ensure that all individuals designated in accordance with paragraphs (c) and (d) have sufficient either shipping or environmental experience.

10.5 Decisions shall be made by the Members as follows:

- (a) Subject to Rule 19.2, each Signatory shall have one vote.
- (b) Any proposal that would, if passed:
 - (i) materially amend the Principles or these Rules;
 - (ii) in the opinion of the Steering Committee, materially reduce the rights or materially increase the liability or obligations of the Signatories or Associate Members;
 - (iii) result in a change to the Secretariat; or
 - (iv) fall outside the objects of the Association,

requires at least half of the Signatories to cast a vote and, of those that vote at least two thirds must vote in favour of the proposal for it to be validly approved.

- (c) Any proposal that would, if passed:
 - (i) in the opinion of the Steering Committee, amend the Principles or these Rules in a minor way (for example, to provide a clarification or correct an error);
 - (ii) elect a Signatory to the Steering Committee;
 - (iii) approve the annual budget; or
 - (iv) set the level of the Sign-on Fee or the Annual Fee,

or any other proposal put to the members of the Association that does not fall within paragraph (b) above requires more than half of those Signatories that cast a vote to vote in favour of that proposal for it to be validly approved.

- (d) Associate Members shall have no vote, but shall be entitled to be represented and have the same rights as Signatories at meetings of the Association pursuant to Rule 17, as well as in any other management organ within the Association, unless otherwise explicitly stated in these Rules.

11 THE STEERING COMMITTEE

- 11.1 The administration, management and development of the Association (including its assets) and the Principles are delegated by the Association to the Steering Committee other than those matters referred to in Rule 10.5.
- 11.2 The Steering Committee shall consist of between eight and sixteen members, all of which must be Signatories, and shall, so far as practicable, include a diverse mix of financial institutions. For the avoidance of doubt, Associate Members are not eligible to become members of the Steering Committee.
- 11.3 The members of the Steering Committee shall be appointed in accordance with paragraph (c) of Rule 10.5. Each member of the Steering Committee shall designate up to two individuals to represent it as provided in paragraph (c) of Rule 10.4 but, for the avoidance of doubt, each Signatory shall only have one vote in respect of any decision by the Steering Committee.
- 11.4 The Steering Committee shall meet on an ad hoc basis. The members of the Steering Committee may where convenient arrange such meetings to be held in Denmark and participants may attend the meetings by any means such as telephone conference call or video conferencing as well as in person or a mix of any of these. Where possible, two weeks' notice in writing will be given for any meeting and a note of any decision or recommendation made by the Steering Committee at any meeting shall subsequently be circulated to all Signatories.
- 11.5 The quorum for meetings of the Steering Committee shall be two-thirds of its members at the relevant time and more than half of the members of the Steering Committee participating in a vote must vote in favour of the relevant proposal for it to be validly approved.
- 11.6 Any decision made by the Steering Committee in accordance with this Rule 11 (excluding for the avoidance of doubt any decision that requires the approval of the Signatories as Members as described in Rule 10.5) shall bind the other Signatories and Associate Members.
- 11.7 The duties of the Steering Committee shall include:
 - (a) reviewing the scope of the Principles and whether any changes should be made and, if so, arranging for a revised draft to be considered by the Members;
 - (b) consulting with the Advisory for technical advice where appropriate;
 - (c) reviewing and approving the Association's annual budget and approving its circulation to the Members together with the end of year financial statements;
 - (d) making decisions and approving contracts with third parties including the Secretariat and members of the Advisory, conducting a formal tender process where necessary or appropriate;
 - (e) reviewing and approving the scope of work of the Secretariat and the Advisory and their respective charges;
 - (f) procuring that any costs and expenses of the Association, including any tax, are paid when due;
 - (g) arranging for meetings of the Association and agreeing the relevant agenda;
 - (h) approving changes to the authorised signatories for the bank accounts of the Association;

- (i) deciding how to re-allocate any surplus monies from the Association budget; and
 - (j) electing the Chair, Vice Chair, and Treasurer.
- 11.8 Any Signatory may nominate itself for election or re-election to the Steering Committee if:
- (a) it has complied with its obligations under Rule 8 within the relevant timescales; and
 - (b) it is confident that it can meet its obligations as a member of the Steering Committee and, if required, could assume the role of Chair, Vice Chair, or Treasurer.
- 11.9 Each member of the Steering Committee, including the Chair, Vice Chair, or Treasurer, shall, during their appointment:
- (a) maintain at least two individuals to represent it on the Steering Committee as provided in Rule 11.3 and ensure that one of them attends each Steering Committee and formal Association meeting; and
 - (b) actively participate in the work and decision making of the Steering Committee and at formal Association meetings.
- 11.10 Subject to the other provisions of this Rule 11, members of the Steering Committee shall retire at the Annual Meeting by rotation after two years of service but may apply for re-election.
- 11.11 Rule 11.10 is subject to the following:
- (a) the two-year period of service might be slightly longer or shorter depending on the dates of the relevant Annual Meetings; and
 - (b) membership of the first Steering Committee referred to in Rule 11.13 shall not be considered as a term.
- 11.12 Any Signatory may resign at any time from the Steering Committee by giving notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory.
- 11.13 The first Steering Committee shall consist of the first 10 Relevant Institutions (or, if fewer than 10 Relevant Institutions successfully apply, the relevant number of Relevant Institutions provided that is eight or more) which successfully apply to become Signatories and they shall all retire at the first Annual Meeting.
- 11.14 Before each election process, the Secretariat will notify the Signatories and request them to consider nominating themselves, within a specified timescale. If there are more nominations than seats available on the Steering Committee, secret votes should be coordinated by the Secretariat and cast before the election or re-election of the Steering Committee members at the Annual Meeting. The nominees with the most votes will be elected to the open seats. In the event of a tie for an open seat, the winner will be randomly selected by the Secretariat in the presence of the outgoing Chair and Vice Chair.
- 11.15 To nominate itself for election to the Steering Committee, a Signatory must confirm to the Secretariat in writing within the relevant timescale:
- (a) its commitment and capacity to fulfil the general responsibilities of members of the Steering Committee and, if necessary, of the Chair or the Vice Chair; and

- (b) the names of the individuals that would represent it on the Steering Committee as specified in paragraph (c) of Rule 10.4.

12 THE CHAIR

- 12.1 The Steering Committee shall elect one of their Signatories to be the Chair by simple majority vote.
- 12.2 The Chair shall chair the Steering Committee and co-ordinate the Steering Committee and any Working Groups to promote the Principles and the objects of the Association.
- 12.3 The Chair shall retire at the end of a period of two years but may nominate itself for a further two-year period.
- 12.4 The Chair may resign before the end of the two-year period by verbal and/or written/electronic communication to the Vice Chair or the Steering Committee. In this event, the Vice Chair will become the Chair and serve out the rest of the two-year term and will select a member of the Steering Committee to take on the role of Vice Chair, who will also serve out the rest of the two-year term. If the Vice Chair chooses not to become the Chair, then there will be an election of the Chair from the existing Steering Committee by a simple majority vote in the Steering Committee. The new Chair and the [new] Vice Chair may nominate themselves for a further two-year period at the following Annual Meeting Steering Committee elections. If the new Chair or Vice Chair is currently serving as Treasurer, they can choose to retain that function for the rest of the two-year term. However, if they choose to hand over the role, there will be an election of a new Treasurer from the existing Steering Committee by a simple majority vote in the Steering Committee.

13 THE VICE CHAIR

- 13.1 The Steering Committee shall elect one of their Signatories be the Vice Chair by simple majority vote.
- 13.2 The Vice Chair shall support the Chair as necessary and assume the role of Chair if the Chair is unable to do so.
- 13.3 The Vice Chair shall retire at the end of a period of two years but may nominate itself for a further two-year period.
- 13.4 The Vice Chair may resign before the end of the two-year period by verbal and/or written/electronic communication to the Chair or Steering Committee. In this event, the Chair will select a member of the Steering Committee to take on the role of Vice Chair to serve out the rest of the two-year term. The new Vice Chair may nominate themselves for a further two-year period at the following Annual Meeting Steering Committee elections. If the new Vice Chair is currently serving as Treasurer, they can choose to retain that role in addition to being the Vice Chair. However, if they choose to hand over the role, there will be an election of a new Treasurer from the existing Steering Committee by a simple majority vote in the Steering Committee.

14 MANAGEMENT SUPPORT

- 14.1 Management Support appointees shall provide advice and support to the Chair, the Secretariat and/or the Working Groups, as required and as appropriate, in relation to:

- (a) the application and implementation of the Principles;
- (b) the Association's strategy, these Rules (including compliance matters) or any related policy or procedures of the Association;
- (c) financial and contractual matters;
- (d) preparing the agenda for and facilitating meetings and discussions of the Association (including, but not limited to, meetings of the Steering Committee and the Annual Meeting);
- (e) internal and external communications (including engagement with external parties);
- (f) any matter deemed sensitive or confidential in nature; and
- (g) assuming responsibilities delegated by the Chair or the Steering Committee and reporting on their progress or resolve on an ongoing or periodic basis.

15 WORKING GROUPS

- 15.1 The Steering Committee may form Working Groups at its discretion in order to consider issues in detail and report to the Steering Committee.
- 15.2 Working Groups may include any of the Signatories, Associate Members, members of the Advisory and other relevant third parties for their technical or other relevant expertise.
- 15.3 The leader of any Working Group must be a Signatory and shall be nominated by the Chair and Vice Chair and approved by the Steering Committee.
- 15.4 The leader of a Working Group may resign by notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory and, in each case, a new leader shall be nominated by the Chair and Vice Chair and approved by the Steering Committee.

16 SIGNATORY POWERS

- 16.1 The Association is bound by the joint signatures of any two members of the Steering Committee, provided that such individuals have been duly designated in accordance with paragraph (c) of Rule 10.4 or the joint signatures of a validly designated member of the Steering Committee and a member of the Secretariat. The signatory powers can be delegated by a written instruction by the Steering Committee.

17 ASSOCIATION MEETINGS

17.1 *Annual Meeting:*

- (a) The Association shall, in addition to any other meetings in that year, hold a meeting in every calendar year as its Annual Meeting at such time and place as may be determined by the Steering Committee, and shall specify the meeting as such in the notices calling it. Each Annual Meeting shall be held no more than six months after the end of the last preceding Financial Year of the Association.
- (b) The meeting shall be held at varying locations with teleconferencing and, where possible, video conferencing to facilitate attendance in an environmentally sustainable manner.

- (c) Not less than eight weeks' notice shall be given for each Annual Meeting and an agenda shall be circulated at least two weeks before the relevant meeting.
- (d) The agenda must include:
 - (i) a statement concerning the last preceding Financial Year from the Chair;
 - (ii) a report from the Chair on activities undertaken and anticipated;
 - (iii) presentation for approval of the Association's annual report for the last preceding Financial Year;
 - (iv) election or re-election to the Steering Committee;
 - (v) the budget approved by the Steering Committee for the forthcoming year;
 - (vi) any item requested by a group of at least five Signatories by notice in writing received by the Secretariat not less than four weeks before the proposed date of the meeting;
 - (vii) election of the Auditor; and
 - (viii) any other business.

17.2 *Other meetings and decision-taking:*

- (a) In addition to the Annual Meeting, in order for other decisions to be taken by the Association, one of the following options may be used:
 - (i) the Chair, acting on behalf of the Steering Committee or at the request of not less than five Signatories in accordance with paragraph (b) below, may propose a resolution to the Signatories by email, specifying a date by which the Signatories must vote by email for their vote to be included together with the address to which the vote should be sent. Such period shall, where possible, be not less than two weeks but shall be shorter should the Steering Committee consider it appropriate, provided that it shall be no shorter than three Business Days; or
 - (ii) the Chair, acting on behalf of the Steering Committee or at the request of not less than five Signatories in accordance with paragraph (b) below, may call a meeting of the Association which shall be called and held as if it were an Annual Meeting save that the agenda shall reflect the proposal(s) to be considered.
- (b) A proposal may be submitted by not less than five Signatories in writing to the Secretariat for consideration by the Signatories in accordance with paragraph (a) above provided that any such proposal received within six weeks before an Annual Meeting shall be considered at that Annual Meeting.
- (c) Any Signatory unable to attend any meeting may submit its vote by email to the Secretariat and it shall be taken into account if it is received by the Secretariat by the time and date specified in the notice of the relevant meeting.
- (d) Any Associate Members unable to attend any meeting may submit its comments by email to the Secretariat it shall be taken into account if it is received by the Secretariat by the time and date specified in the notice of the relevant meeting.

- 17.3 The accidental failure to give notice of any meeting or send an agenda to or failure by a Member to receive either or both of these shall not invalidate the proceedings or any decision taken at the relevant meeting.
- 17.4 Minutes of each meeting will be circulated to the Members by the Secretariat as soon as practicable after the relevant meeting.

18 FAILURE TO COMPLY WITH MEMBER OBLIGATIONS

- 18.1 If a Signatory fails to comply with its reporting requirements as specified in paragraph (b) of Rule 8 then the following shall apply:
- (a) If such failure to comply continues for one month after the relevant submission deadline, the Secretariat shall send a written reminder to the Administrative Representatives of that Signatory, copied to the Chair and including details of the consequences of continued failure to comply as set out in paragraphs (b) and (c) below.
 - (b) If such failure to comply continues for three months after the relevant submission deadline, the Secretariat shall note the Signatory's failure to report on the Association's website and send a further written reminder to the Administrative Representatives of that Signatory, copied both to the chief executive officer (or equivalent officeholder) of that Signatory and the Chair.
 - (c) If such failure to comply continues for six months after the relevant submission deadline, the Secretariat shall remove the name of the Signatory from the list of Signatories on the Association's website and the relevant Signatory shall cease to be a Signatory or a member of the Association.
 - (d) If it has ceased to be a Signatory by operation of paragraph (c) above, should it wish to become a Signatory again, the former Signatory must reapply in accordance with the provisions of Rule 7.
- 18.2 If a Member fails to pay any amount payable by it under these Rules then the following shall apply:
- (a) If such failure to pay continues for one month after the relevant payment deadline, the Secretariat shall send a written reminder to the Administrative Representatives of that Member, including details of the consequences of continued failure to comply as set out in paragraphs (b) and (c) below.
 - (b) If such failure to pay continues for two months after the relevant payment deadline the Secretariat shall note the Member's failure to pay on the Association's website and send a further written reminder to the Administrative Representatives of that Member, copied both to the chief executive officer (or equivalent officeholder) of that Member and the Chair.
 - (c) If such failure to pay continues for three months after the relevant payment deadline, the Secretariat shall remove the name of the Member from the list of Members on the Association's website and the relevant Member shall cease to be a member of the Association.
 - (d) If the relevant Member pays all amounts then due by it within six months of the relevant payment deadline and has not previously ceased to be a Member by reason of this Rule 18.2 then its name will be restored to the list of Members on the Association's website and it shall

be reinstated as a member of the Association but not to any other role that it had in the Association before its removal (such as membership of the Steering Committee).

- 18.3 If any acts or omissions of a Member, causes or has the potential to cause, any material adverse impact on the Association, the Steering Committee may in accordance with Rule 11.5, immediately remove the name of the Member from the list of Signatories or the Associate Members on the Association's website and the relevant Member shall cease to be a Signatory or Associate Member of the Association, upon written notice to the relevant Member.
- 18.4 Upon ceasing to be a Member, the former member may no longer use the logo of the Principles and shall remove it from all its literature and any website.

19 EFFECT OF REORGANISATIONS, MULTIPLE MEMBERSHIPS, ADJUSTING MEMBERSHIP, AND LEAVING THE ASSOCIATION

- 19.1 Members may be affected by corporate transactions such as mergers, acquisitions and disposals and such transactions might have an impact on that Member's membership of the Association and its ability to comply with the Principles. Any Member affected by any such transaction is encouraged to remain or be reinstated as a Member and may request that the Steering Committee grant a suspension of its obligations, as applicable, to allow a reasonable period for integration. Any such allowance shall be noted against the name of the relevant Member on the Association's website.
- 19.2 If, as a result of a corporate transaction or otherwise, more than one Signatory is a member of the same group and the Steering Committee considers that this could undermine the principle of "one Signatory, one vote", the Steering Committee shall recommend to the Signatories how many votes that financial group shall be allowed. This recommendation shall be implemented unless the relevant group requests the matter to be decided by the Signatories. In any such voting process, the relevant group shall only be entitled to one vote on behalf of all the Signatories forming part of it.
- 19.3 If a Signatory ceases to be a Relevant Institution, the Signatory can adjust their membership type to be an Associate Member in the following cases:
- (a) all relevant Business Activity carried out by the Signatory has ceased, and has been publicly communicated as such, while however still qualifying to be an Associate Member; or
 - (b) in exceptional circumstances upon presentation to and approval by the Steering Committee in accordance with Rule 11.5.
- 19.4 If an Associate Member's business activities change such that it could be considered a Relevant Institution for the purposes of becoming a Signatory, it shall give notice to the Secretariat and the Chair in writing whereupon the parties will work together in good faith in order to transfer the Associate Member to a Signatory.
- 19.5 If a Signatory ceases to be a Relevant Institution, an Associate Member no longer qualifies to be an Associate Member, or if a Signatory or Associate Member wishes to withdraw from the Association and its adoption of the Principles, the Member shall give notice to the Secretariat and the Chair in writing whereupon it shall cease to be a member and its name shall be removed from the list of Members on the Association's website.

20 FINANCE

- 20.1 The fees payable by each Member, including the Annual Fee, shall be used to meet the management and administrative costs of the Association and the costs of the management, administration, updating and further development of the Principles.
- 20.2 Each Member shall bear its own costs and expenses in relation to the adoption and implementation of the Principles. The Sign-on and Annual Fees will be payable in Euros.
- 20.3 The costs will vary, particularly in relation to the updating of decarbonisation trajectories to reflect new IMO studies (expected approximately every five years).
- 20.4 To meet such variable costs the Annual Fee will be:
- (a) variable;
 - (b) the same amount for every Signatory in any one Financial Year;
 - (c) the same amount for every Associate Member in any one Financial Year, such amount equal to half of the amount for every Signatory;
 - (d) based on the budget prepared by the Secretariat and the Steering Committee setting out categories of expenditure, including an amount for contingencies, and presented to Members at the relevant Annual Meeting; and
 - (e) approved by the Signatories in accordance with the procedures in paragraph (c) of Rule 10.5.
- 20.5 The Annual Fee is payable by the Members whose names appear on the list of Members on the Association's website as of 31 December of the preceding year. The Annual Fee is due annually in respect of each Financial Year and shall be paid no later than the end of the second quarter of the relevant year and is non-refundable in the event that a Member ceases to be a member of the Association.
- 20.6 If a Member ceases to be a member of the Association or fails to comply with its obligations under these Rules, it is not released from its obligations to pay the Annual Fee in that relevant year. Any outstanding payments for the relevant year will fall due immediately upon a Member ceasing to be a member of the Association.
- 20.7 If an entity becomes a Member of the Association during the year, it shall pay, upon becoming a Member, the Annual Fee and Sign-on Fee in full.
- 20.8 The amount of the Sign-on Fee may not be changed without the approval of the Signatories in accordance with the procedures in paragraph (c) of Rule 10.5. The Sign-on Fee for Associate Members will be half of the Sign-on Fee for Signatories.
- 20.9 If an Associate Member becomes a Signatory during the year, it shall, upon becoming a Signatory, pay any outstanding difference between the Annual Fee set in Rule 20.4(b) and 20.4(c), along with half of the Sign-on Fee.
- 20.10 Any surplus funds shall be carried forward to and used in the following year(s) in order to meet, amongst other things, costs incurred in connection with the updating of decarbonisation trajectories as described in Rule 20.3, which will be reflected in the relevant budget and, where possible, a reduced Annual Fee.

- 20.11 Expenditure should be within the relevant budget presented to the Members at the Annual Meeting or as otherwise approved by the Steering Committee or the Signatories as appropriate.
- 20.12 Funds will be held in a bank account, in the name of the Association. The currency of the bank account will be Euros. The annual report will be prepared in Euros. Invoices to Signatories will be issued in Euros.
- 20.13 Changes to the authorised signatories for any bank account must be approved by two members of the Steering Committee, including the Chair and the Vice Chair.
- 20.14 The Association's annual reports shall be audited by a Danish state-authorised public accountant or registered public accountant elected at the Annual Meeting for one year at a time (the "**Auditor**"). The Association's Financial Year runs from 1 January to 31 December and the first Financial Year of the Association shall commence on the date of formation of the Association and end on 31 December 2019. Copies of the Association's annual reports will be circulated annually to all Members. The annual reports shall be prepared by a firm of chartered or certified accountants appointed by the Steering Committee.

21 THE SECRETARIAT

- 21.1 The Secretariat shall be responsible for the day-to-day administration of the Association, including:
- (a) record keeping and financial administration;
 - (b) internal and external communication, including updating the website, issuing press releases and sending notices of meetings;
 - (c) membership administration; and
 - (d) the collection of fees.
- 21.2 The scope of work and fees payable to the Secretariat shall be agreed by the Steering Committee following submission by a relevant third-party entity fulfilling the role of the Secretariat of a services provision proposal agreed by the Steering Committee, subject to the approval of the Signatories of the fees as an item of the budget and any change to the Secretariat as specified in Rule 10.5.

22 THE ADVISORY

- 22.1 The Steering Committee and the Working Groups may consult with the Advisory for technical guidance to:
- (a) ensure that the Principles are up to date and reflect the most recent IMO guidelines; and
 - (b) if appropriate, further develop the Principles to reflect other maritime environmental concerns.
- 22.2 The scope of work and fees payable to the members of the Advisory shall be agreed by the Steering Committee following submission by a relevant third-party entity fulfilling the role of the Advisory of a services provision proposal agreed by the Steering Committee, subject to the approval of the Signatories of the fees as an item of the budget as specified in Rule 10.5.

23 DISSOLUTION OF THE ASSOCIATION

- 23.1 The Association shall not be dissolved except by a resolution passed at an Annual Meeting in accordance with the procedures in paragraph (b) of Rule 10.5.
- 23.2 In the event of the dissolution of the Association, any surplus funds, after payment of all expenses and outstanding accounts, shall be disposed of to any non-profit organisation as may be decided by a simple majority of those present and entitled to vote at the Annual Meeting resolving such dissolution.