

SEPTEMBER 2019



POSEIDON
PRINCIPLES

A GLOBAL FRAMEWORK FOR RESPONSIBLE SHIP FINANCE



GLOBAL
MARITIME
FORUM



Lloyd's
Register

**THE FUTURE
IS YOU**



**SOCIETE
GENERALE**

DRAFTING GROUP



Financial Institutions

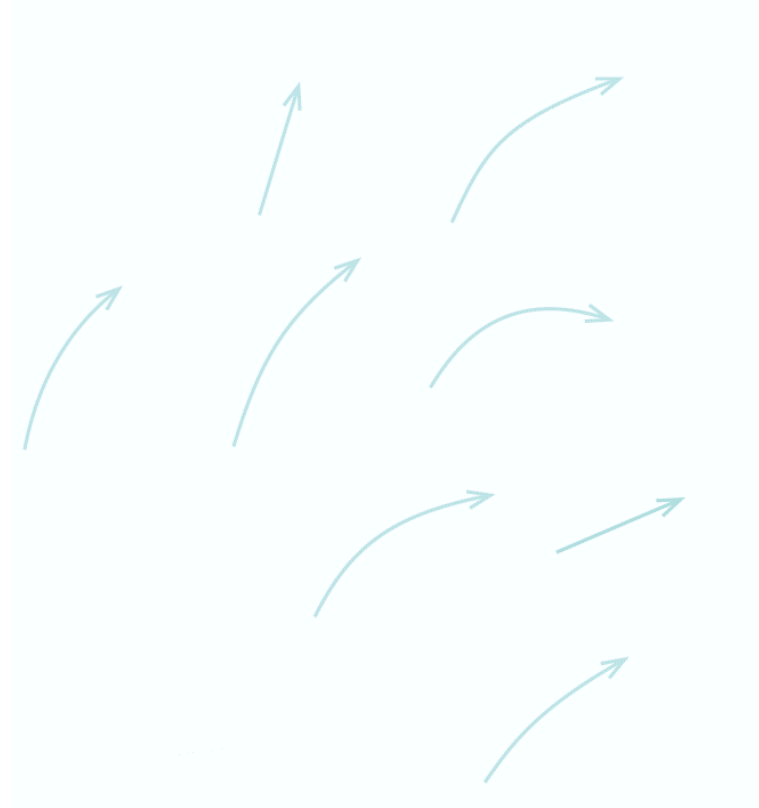


Industry

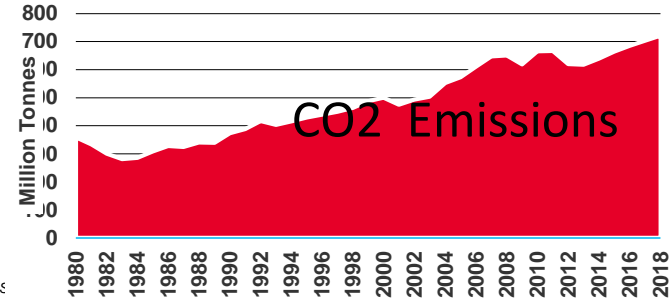




“ The Poseidon Principles are a framework for assessing and disclosing the climate alignment of ship finance portfolios. ”



A GLOBAL SECTOR WITH A PLATFORM FOR SUSTAINABLE GROWTH



Oil and Products



1.8 → 3.3 Bn MT
+78%

Natural Gas



116.7 → 619.2 Mn CBM
+820%

Dry Bulk



1.6 → 4.6 Bn MT
+182%

Manufactured Goods



34.4 → 268.9 Mn TEU
+682%

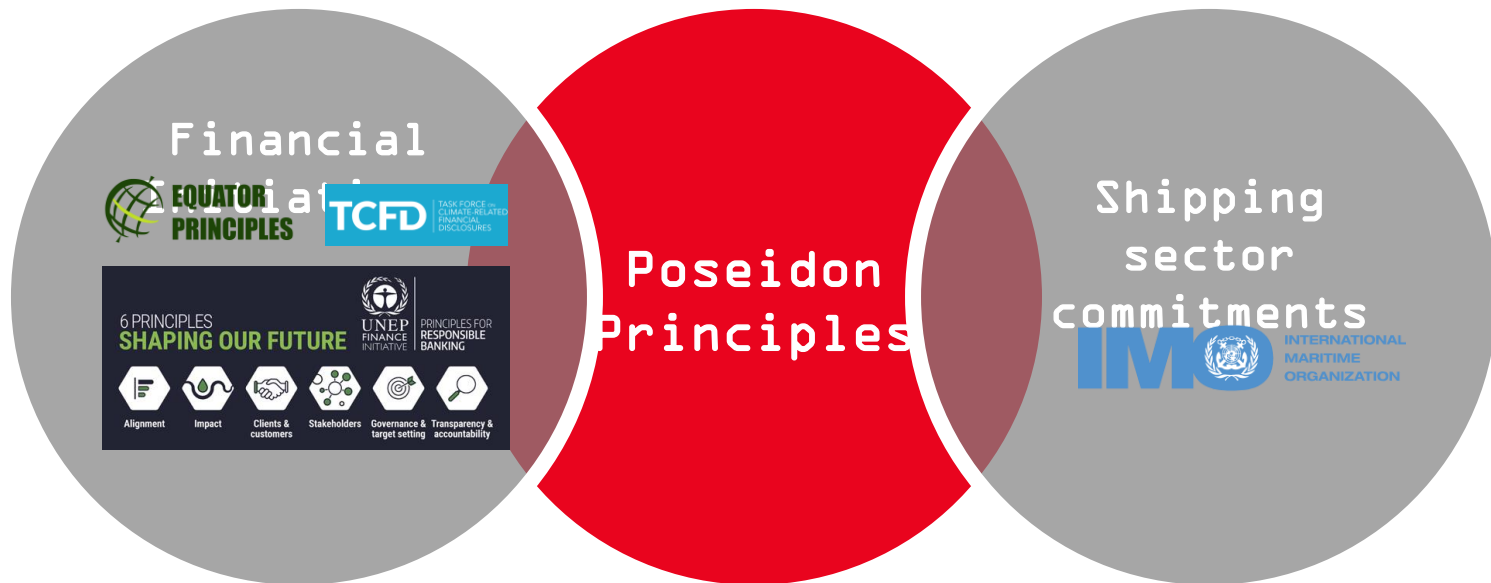
Seaborne Trade Growth 1990 → 2018



Global Deepsea Fleet Expansion (all types):

18,000 → 33,400 vessels (+85%) / 383 → 1,204 Mn GT (+215%)

HOW DID THE POSEIDON PRINCIPLES COME TO BE?



1

THE POSEIDON PRINCIPLES: DEVELOPMENT & OVERVIEW



OBJECTIVES & SCOPE



What is their 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 the Principles for?

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.

STRUCTURE



Principle 1

Assessment

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

Principle 2

Accountability

establishes the reliance on IMO standards and Recognized Organizations for the provision of identical, unbiased information across Signatories.

Principle 3

Enforcement

requires the inclusion of a covenant clause in new business activities that ensures access to high-quality data being produced under IMO DCS.

Principle 4

Transparency

stipulates how the results of portfolio climate alignment are disclosed publicly.

ANNUAL EFFICIENCY RATIO

Data collected under IMO DCS includes:

- **Fuel consumption & fuel type**
- **Design DWT**
- **Total distance travelled**

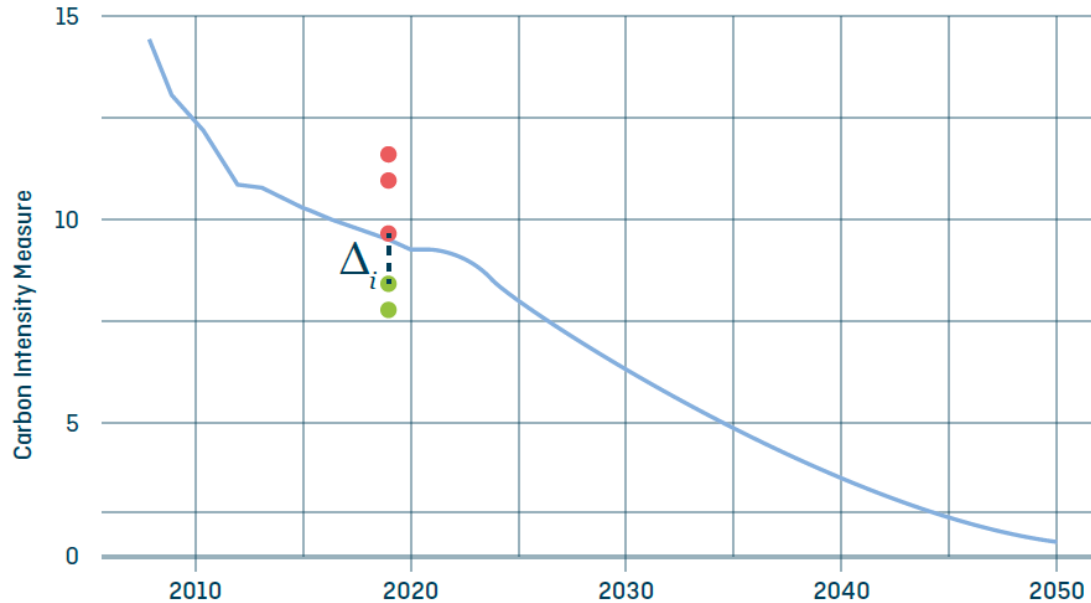
$$\text{AER} = \frac{\sum_i C_i}{\sum_i \text{dwt } D_i}$$

CO₂ emissions ↓

↗ *Cargo proxy (ship size)*

↑ *Distance sailed*

BACKGROUND: CALCULATING THE CLIMATE ALIGNMENT OF VESSELS



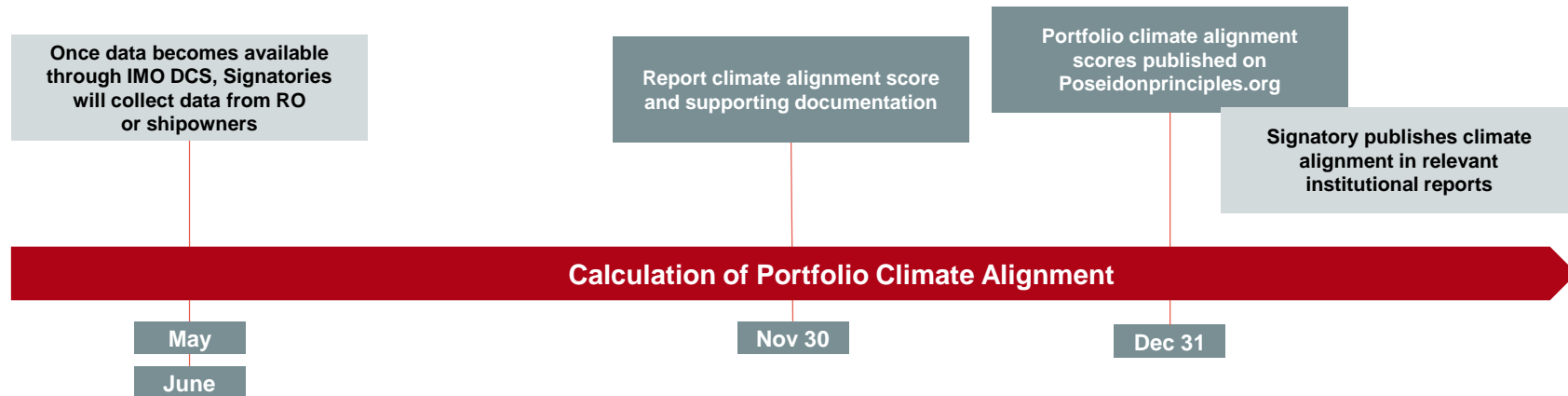
Alignment requires:

- **Individual vessel's annual carbon intensity (gCO₂/tnm)**
calculated from IMO DCS data
- **Decarbonization Trajectory**
provided by secretariat

Key:

- **Alignment delta (Δ_i)**
The % difference between a vessel's carbon intensity and the decarbonization trajectory at the same point in time: expressed as a (+/-) %.

TIMELINE FOR SIGNATORIES



Starting 2nd calendar year after becoming a Signatory

IMMEDIATE IMPACT OF LAUNCH

Strong financial sector support

Significant media coverage

Positive Client Feedback

Government Interaction

Measurement of Portfolio

Questions re implementation



LONGER TERM IMPACT OF POSEIDON PRINCIPLES



Bring climate alignment
into credit decisions

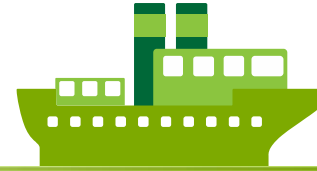
Encourages greater transparency
and accountability re bank activity

Change strategy, policy, process &
management of portfolio

Greater alignment and communication
with clients re efficiency of assets

Greater liquidity
for greener shipping

Partner our clients with Innovation



NEXT STEPS

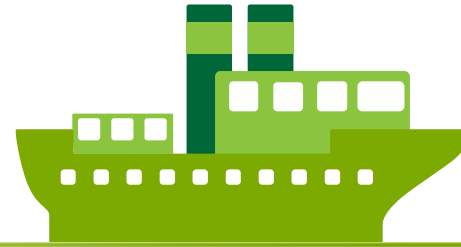
Create a Market standard

Continue lobbying

Government intervention to
incentivize energy transition

Extend Scope of Poseidon
Principles to other Social Factors

A benchmark for other industries



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