



**POSEIDON
PRINCIPLES**
FOR MARINE INSURANCE

2023 Annual Disclosure Report



January 2024

Poseidon Principles for Marine Insurance

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Foreword

We are pleased to introduce the Poseidon Principles for Marine Insurance second Annual Disclosure Report. As stated last year, we recognise the immense challenges ahead to decarbonise international shipping, which can only be achieved if all actors are on board. Marine insurers play an important role in the transition to net zero by providing support and risk mitigation the industry needs to adopt new fuels and technologies.

The Poseidon Principles for Marine Insurance provide a solid foundation of actual emissions data based on the IMO Data Collection System. It also helps our members monitor the maritime industry's journey, promoting greater transparency and collaboration. During this second year, our membership has grown to 10 signatories and 9 affiliate members, who have committed to independently implementing the four Principles into their internal procedures and to work in partnership with their clients and each other to facilitate decarbonisation.

Over the last year, engaging with stakeholders was a high priority. Events in both Athens and London allowed us to continue to open dialogues. As the Poseidon Principles for Marine Insurance are still in their early years, a focus on clarifying the purpose and role of the initiative is important to ensure understanding by both the industry and the public.

2023 was a pivotal year for the maritime industry, most notably due to the increased greenhouse gas (GHG) ambition by the IMO, which now calls for emissions from international shipping to reach net-zero by or around 2050 on a full lifecycle approach. The Poseidon Principles for Marine Insurance fully support this revised ambition and welcome the outcome.

Because the updated IMO ambition came in the midst of the reporting cycle and there is a pre-existing near net-zero trajectory¹, the methodology in this report remains the same as last year to ensure consistency and allow members to reflect on progress and outcomes. As we continue into 2024, we will update our procedures to reflect fully the new IMO ambition while ensuring the framework considers the specific needs of the marine insurance industry.

By publishing our second Annual Disclosure Report, we demonstrate our commitment to transparency. We thank our fellow signatories and affiliate members for their commitment and congratulate the two new signatories who have reported for the first time this year. We also extend our thanks to the International Union of Marine Insurance for their unwavering support and enthusiasm during this past year which has been invaluable.

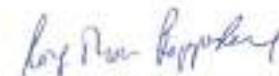
We now invite fellow insurers and other members of the marine insurance ecosystem to join us in our efforts to build a solid foundation for purposeful climate action.

January 2024



Patrizia Kern

Chair, Poseidon Principles for Marine Insurance
Marine Strategy Consultant, Swiss Re Corporate
Solutions



Rolf Thore Roppestad

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Chief Executive Officer
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¹ The "100% CO₂ reduction trajectory" aligns more closely to the Paris Agreement by targeting 100% reduction in absolute CO₂ emissions by 2050 (compared to 2008).



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1. Introduction

About the Poseidon Principles for Marine Insurance

The Poseidon Principles for Marine Insurance are a global framework for assessing and disclosing the climate alignment of insurers' hull and machinery (H&M) portfolios. It was established to create common baselines for emissions reporting that are in line with global adopted climate ambitions.

Launched in 2021 after the Poseidon Principles for Financial Institutions² and the Sea Cargo Charter³, the Poseidon Principles for Marine Insurance were developed in an effort spearheaded by global insurance institutions (Swiss Re Corporate Solutions, Gard, Cefor) in collaboration with leading industry players (WTW, Star Bulk, A.P. Moller-Maersk, Lloyd's Register) with expert support provided by the Global Maritime Forum, Swiss Re Institute, and UMAS.

The methodology used by signatories to calculate their climate alignment is practical, robust, and industry-specific, supporting data collection and analysis practices through carefully considered accountability and enforcement requirements.

² The Poseidon Principles for Financial Institutions are a global framework for incorporating climate considerations into lending decisions. [Learn more here.](#)

³ The Sea Cargo Charter is a global framework for assessing and disclosing the climate alignment of ship charting activities. [Learn more here.](#)

By establishing methodological requirements for signatories and affiliate members, the Principles aim to promote international shipping decarbonisation. They allow marine insurers to understand the climate alignment of their portfolio and better support clients in aligning their businesses with responsible climate impacts. They not only help institutions create their own data-based insights but also use transparency to create a benchmark for future industry improvements.

At the time of launch, the Poseidon Principles for Marine Insurance was the first sector-specific climate alignment framework that enabled marine insurers to measure and report emissions data.

The Principles:

- are consistent with the International Maritime Organization's (IMO) 2018 strategy for greenhouse gas (GHG) emissions, which called for emissions from international shipping to peak as soon as possible and reduce by 50% by 2050 (compared to 2008 levels)⁴.
- take steps towards alignment with the Paris Agreement by providing a decarbonisation trajectory consistent with a 100% CO₂ reduction by 2050.

⁴ Following the adoption of the 2023 IMO GHG Strategy in July 2023, work is ongoing to align current methodology with this new ambition.



Figure 1.

Evolution of the Poseidon Principles for Marine Insurance

Scope

Membership: signatories and affiliate members

There are currently two types of membership for the Poseidon Principles for Marine Insurance, **signatories** and **affiliate members**.

Signatories: Applicable to underwriters and insurers who provide marine vessel H&M coverage. The Poseidon Principles must be applied by signatories in all business activities where:

- the insurance products cover H&M (see 'Types of marine insurance' box);
- the signatory is the leading insurer, as well as in cases where the signatory is a claims follower, but the leading insurer is also a signatory (see 'The marine insurance ecosystem' box, next page);
- the signatory's portfolio covers all the vessels in an insured fleet that have an established Poseidon Principles for Marine Insurance trajectory and the ability to measure carbon intensity with IMO Data Collection System (DCS) data.

Affiliate members: The ecosystem of marine insurance extends beyond the current scope for signatories, so the framework must be inclusive of various perspectives and support. Therefore, affiliate membership is applicable to insurance brokers and collective groups such as insurance associations, unions, captive, and protection and indemnity (P&I) clubs.

It is the intention that over time, and with increasing access to reliable data and information for public disclosure of climate alignment, the scope of the Principles will expand to include more affiliate members as signatories.



Types of marine insurance

Hull and machinery (H&M) is the second largest type of marine insurance, covering physical loss or damage to a vessel's hull (the body of a ship) and the machinery on board (varies depending on the type of ship). Due to the data availability in this sector, H&M has great potential for impact across marine insurance as a first step in assessing climate alignment.

Other types of marine insurance currently not in scope include cargo, liability, freight, and protection and indemnity (P&I) insurances. Together with H&M, these types of insurance help mitigate various risks associated with shipping and ensure the financial protection of stakeholders.

Environmental factor

Climate alignment is currently the only environmental factor considered by the Poseidon Principles for Marine Insurance. In this context, it refers to the degree to which a vessel or portfolio's carbon intensity is in line with the decarbonisation trajectories of the IMO and close to the Paris Agreement. This scope will be reviewed and may be expanded by signatories on a timeline that is at their discretion, with the support of affiliate members.

The marine insurance ecosystem

Claims leader and follower dynamics

In the context of the Poseidon Principles for Marine Insurance, understanding the dynamics between a "claims leader" and "claims follower" is crucial. It is an industry practice that each vessel (or fleet) is insured by a primary insurer ("claims leader") and several secondary insurers ("claims followers") because of the extraordinary value of modern vessels. The term claims leader refers to the primary insurer responsible for handling and leading the claims process. A claims follower is an insurer that participates in the coverage but defers to the claims leader for the primary decisions regarding claims.

The claims leader plays an important role in:

- taking on the **primary responsibility** for managing and settling claims related to hull and machinery (H&M) coverage.
- **coordinating** the efforts of all insurers to ensure a streamlined and efficient claims resolution process in cases where there is more than one insurer involved in a claim.
- effective communication and **information sharing** with followers to ensure that all insurers are aligned in their approach and decisions regarding the claims.

The role of brokers in the marine insurance industry

Insurance brokers serve as central connection points within the marine insurance ecosystem, linking insurers with clients seeking coverage for marine vessel H&M. Furthermore, brokers assist clients in navigating the diverse options available within the marine insurance market, considering factors such as coverage specifics, terms, and adherence to environmental principles like the Poseidon Principles for Marine Insurance.

This interaction fosters a collaborative approach, incorporating diverse perspectives and support within the marine insurance ecosystem. The brokers' engagement with insurers and affiliate members contributes to the framework of the Poseidon Principles for Marine Insurance, expanding the scope to embrace a broader spectrum of industry stakeholders.

What about the other types of insurance coverage and organisations?

There are many other types of coverage and organisations in the marine insurance ecosystem besides brokers and insurance companies providing standard H&M coverage. This includes, but is not limited to, captives and P&I clubs.

Captives are insurance or reinsurance companies owned by industrial firms or other types of organisations. They underwrite both related (their own) and non-related (third party) risks. Captives play an important role in the risk financing of a large company for risks which are difficult to insure and to finance high deductibles. They also allow companies to respond quickly to changes and provide direct access to reinsurance.

Protection and Indemnity (P&I) clubs are mutual insurance associations that provide liability coverage for carriers, forwarders, charterers and more. These clubs offer protection against third party liabilities that may arise while operating ships, such as damage to other vessels and pollution. P&I clubs work on a mutual basis, meaning the club members participate each other's losses by pooling their resources to collectively cover liabilities and share risks.

The Principles

Principle 1

Assessment

Signatories will annually assess the climate alignment of their hull and machinery (H&M) portfolios using a robust and industry-appropriate methodology outlined in the Technical Guidance⁵. This entails first measuring the carbon intensity of the H&M portfolio relative to a defined decarbonisation trajectory. Affiliate members will support signatories by sharing knowledge about climate alignment assessment and methodology with relevant stakeholders.

The requirement to assess climate alignment and disclose information takes effect the calendar year after a marine insurance institution becomes a member. In other words, an organisation which joins in October 2023 would not be required to disclose until 2024.

⁵ The Technical Guidance is a separate lengthy document that outlines the requirements and methodology used by signatories to assess climate alignment. It can be found on the [Poseidon Principles for Marine Insurance website "Resources" page](#).

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 identified in the Technical Guidance for the provision of identical, unbiased information for all steps of assessing climate alignment. This includes honouring mandatory IMO regulations for collecting and reporting fuel oil consumption information in the IMO Data Collection System (DCS).

Affiliate members will support signatories by sharing knowledge about data types, data sources, service providers, and the data collection process with relevant stakeholders.

Principle 3

Enforcement

Signatories will include a covenant clause, or a binding agreement, in all new business activities which ensures access to high-quality data and compliance with the Poseidon Principles for Marine Insurance. Signatories and affiliate members commit to working together and with shipowners, providers, brokers, and business partners to gather the necessary information to assess climate alignment. Affiliate members will also share knowledge about the covenant clause and enforcement process with relevant stakeholders.

Principle 4

Transparency

Signatories and affiliate members will publicly acknowledge their participation in the Poseidon Principles for Marine Insurance and provide the relevant information to be published in the Annual Disclosure Report and their own corporate reports each year.

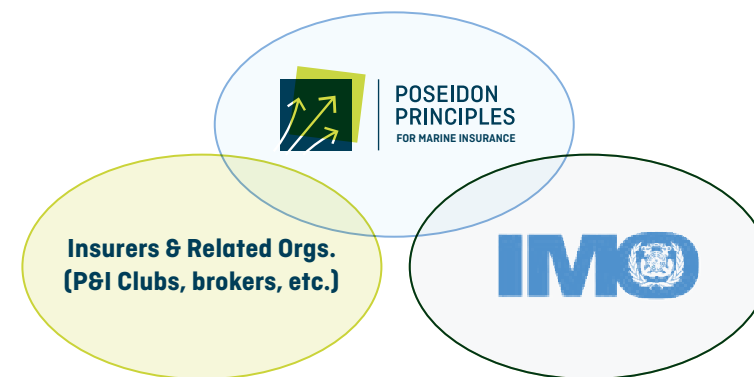


Figure 2.

The relationship of the Poseidon Principles for Marine Insurance to the IMO and the organisations in the marine insurance ecosystem.



Members

As of January 2024, ten signatories, nine affiliate members and one supporting partner have come together to commit to and support the Poseidon Principles for Marine Insurance.

Signatories



Affiliate members



Supporting partner



→ See all signatories, affiliate members and supporting partner [here](#).

Steering Committee

Fidelis MGU – Charles Mathias, Group Executive Director

Gard – Rolf Thore Roppestad, Chief Executive Officer (Vice-Chair)

Hellenic Hull Management – Ilias Tsakiris, CEO

Navium Marine – Oliver Clark, Deputy CUO

Norwegian Hull Club – Atle Fjeldstad, Chief Underwriting Officer and Christian Irgens, Business Intelligence Director

SCOR – Sylvain Gauden, CUO Marine & Energy and Pauline des Vallières, Sustainable Insurance Manager
Skuld - Matias Bøe Olsen, Senior Executive, Underwriter and Decarbonisation Coordinator

Swiss Re Corporate Solutions – Patrizia Kern, Marine Strategy Consultant (Chair)

Victor International – Alexander Arias, Managing Director

Affiliate Members Committee

Cambiaso Risso Group – Mauro Iguera, Chief Executive Officer

Cefor – Helle Hammer, Managing Director

Hydor AS – Folkert Strengholt, Chief Executive Officer (Vice-Chair)

Lockton International – Alistair Rivers, Head of Lockton Marine

WTW – Ben Abraham, CEO Global Marine (Chair)

Lochain Patrick Insurance Brokers – Justin Murphy, Compliance Director

CTX Special Risks – Charles Hedgcock, Executive Director

Gallagher – Andrew James, Executive Director, Marine

→ Learn more about the governance [here](#).



2. The importance of transparency in the changing landscape of shipping

Shipping transports over 80% of internationally traded goods, involves two million seafarers, and produces around 3% of global GHG emissions⁶. The industry has faced several challenges throughout 2023, including severe congestion of major ports, lack of personnel, inflation, and sanctions resulting from the Russia's war on Ukraine. These have caused many unpredictable operational impacts that the industry will continue to adapt to in the future.

Despite these obstacles, there was also significant progress with regard to shipping decarbonisation due to the development of measures which support decarbonisation throughout the supply chain, such as the Zero Emissions Maritime Buyers Alliance (ZEMBA)⁷, mechanisms to incentivise green shipping corridors in the United States, Australia, Germany and Japan, and the European Union's FuelEU Maritime initiative as well as the inclusion of shipping in the Emissions Trading System (EU ETS)⁸.

One of the most notable developments was the IMO's revision of its greenhouse gas (GHG) strategy after the 80th convening of the Maritime Environment Protection Committee (MEPC 80). This meeting took place in London in July 2023 and resulted in a significant change to climate-related ambitions for the shipping industry to supersede the IMO's existing initial strategy from 2018.

The resulting revised strategy, formally known as Resolution MEPC.377(80) or the 2023 IMO Strategy on Reduction of GHG Emissions from Ships (**2023 IMO GHG Strategy**)⁹, aims for **net-zero emissions from international shipping "by or around" 2050** along with emission reduction **checkpoints in 2030 and 2040**. This is significantly more ambitious than the initial strategy, which aimed for a 50% reduction in operational CO₂ emissions from international shipping in 2050 compared to 2008 levels. On top of this, the new strategy also considers the **full life cycle of emissions** (a "**well-to-wake**" perspective) rather than only operational emissions (a "tank-to-wake" perspective) and the impact of **other GHG species** besides CO₂. Finally, it introduces an ambition for zero or near-zero emission fuels to make up at least 5% percent, striving for 10% percent, of the energy used by international shipping by 2030.

The IMO's revised strategy has set a clear imperative for the sector to reach net-zero by 2050 along with a crucial signal to governments and industry that the use of zero-emission fuels needs to scale rapidly from 2030 onwards.

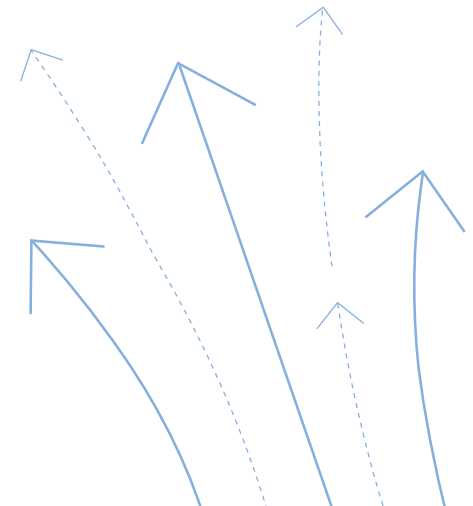
Achieving this will require major changes across the entire value chain, from material changes to vessel engines, the development of new fuels, and the updating of existing climate assessment methodologies. This must be supported by regional and national policies as well as with operational improvements within the full maritime supply chain that fill the gaps from ambition to concrete action.

⁶ United Nations. (2020). [Review of Maritime Transport 2023](#)

⁷ Learn more about the ZEMBA [here](#).

⁸ Global Maritime Forum. (2023). [National and regional policy for green shipping corridors](#).

⁹ The full text of Resolution MEPC.377(80) is available to the public here: [2023 IMO Strategy on Reduction of GHG Emissions from Ships](#).



Marine insurance and decarbonisation

Transparency is essential in shipping's decarbonisation journey because improvements are difficult to create without benchmark measurements. The Poseidon Principles for Marine Insurance remain dedicated to providing a clear and reliable framework for calculating and disclosing marine insurers' alignment with climate-related goals with the support of key players like brokers, captives, and P&I clubs.

The insurance industry is not only in a unique position to facilitate decarbonisation but is also at the forefront of understanding and mitigating climate-related risks. By working together with their clients, marine insurers and other stakeholders in the insurance ecosystem proactively enhance transparency, contributing to the net-zero transition of the global economy.

This includes first understanding and uncovering the risks associated with decarbonisation. The impact of climate change on marine insurance is underscored by the increasing frequency of extreme weather events, the emergence of new risks associated with the shift toward net-zero practices, and the resulting impacts to the supply chain.

According to one analysis, natural disasters were the fifth-largest cause of marine insurance claims between 2016 and 2021 in both frequency and severity, and climate-related risks will only continue¹⁰. This surge in climate-related incidents translates into a higher number of claim occurrences, potentially leading to a greater frequency and impact on the industry.

In parallel, the integration of new fuel technologies demands a dedicated focus on identifying and mitigating associated risks, including those related to storage and handling. Insurance professionals engage in collaborative efforts with shipowners, classification societies, and regulators to establish the safety standards and regulations that will foster a secure transition. By leveraging data-driven models and past experiences, insurers strive to accurately assess and mitigate risks associated with the adoption of new propulsion technologies. Insights from initiatives like the Poseidon Principles for Marine Insurance can play a crucial role in enhancing the collective understanding of emerging risks, supporting continuous adaptation, and refining risk management strategies in the dynamic landscape of maritime energy transitions.

Insuring new technologies like alternative fuels and retrofitted vessels poses challenges, with uncertainties in risk assessments, making a collaborative approach with robust data collection essential.

¹⁰ Allianz Global Corporate & Specialty (AGCS) (2022). [Global claims trends to watch in marine insurance.](#)



Message from the International Union of Marine Insurance (IUMI), a supporting partner of the Poseidon Principles for Marine Insurance

To improve any organisation's footprint, it is crucial to start by measuring and assessing its emissions. This is the approach the Poseidon Principles for Marine Insurance has taken. Insurers who have signed up to the Poseidon Principles for Marine Insurance agree to assess and disclose the carbon emissions of their H&M portfolios.

The annual emissions of the signatories' insured fleets are then compared with international climate goals set by the Paris Agreement and the IMO. Such a transparent assessment is a crucial first step in reducing the signatories' carbon footprint and the rapid introduction of digitalisation across our sector will assist with this. IUMI endorses this approach and is a supporting partner of the Poseidon Principles for Marine Insurance.



Decarbonisation will challenge marine underwriters in three key ways:

- *The first is a requirement to understand and insure new risks emerging from new propulsion technologies;*
- *The second is to recognise that new types of "cleaner" cargoes such as lithium-ion batteries will be carried in greater numbers by sea – and that involves different risks;*
- *The third is to provide adequate cover to help de-risk increasingly erratic weather events.*

We all have a role to play in making our world a cleaner place to live and so at IUMI we fully support the Poseidon Principles for Marine Insurance.



Frédéric Denèfle, President, IUMI

Navigating the second year of climate reporting

During its second year of existence, members of the Poseidon Principles for Marine Insurance have concentrated their efforts on demystifying the purpose of the initiative, engaging with key stakeholders around the role of transparency, refining the covenant clause used with clients, and reflecting on the first year of reporting.



Demystifying the Poseidon Principles for Marine Insurance

As a ground-breaking, sector-specific initiative still in the early years, it is essential to continue to clarify the purpose and role of the Principles to ensure proper understanding by the public and industry.



The Principles

- demonstrate **commitment through transparency**
- **support clients** in their decarbonisation journey by creating **dialogue** and enabling insurers and shipowners to work together
- are one element in **understanding clients' decarbonisation efforts** and how to de-risk the transition
- are a **tool to monitor progress** towards global goals



The Principles

- are **not about policing or penalising**
- do **not require target setting**
- are **not a prescriptive framework**
- have **no required actions** or impacts on internal decision making
- are **not used to exclude ships** from insurance cover

Collaboration across maritime transparency initiatives

Engaging with stakeholders from the marine insurance ecosystem is key to ensuring common understanding, open dialogue, and adaptation. Throughout 2023, the initiative conveyed brokers, and other insurance stakeholders to formally maintain these transparent discussions in London in April and in Athens in October.

London, April 2023:

In conjunction with its 2023 Annual Meeting, the Poseidon Principles for Marine Insurance convened a half-day session with major marine insurance stakeholders from the London market. The aim was to engage with key stakeholders on what the initiative is about, foster dialogue and transparency, and discuss challenges for the industry.

Athens, October 2023:

The Poseidon Principles for Marine Insurance joined with the Poseidon Principles for Financial Institutions and the Sea Cargo Charter for the first time to co-host an event at the Global Maritime Forum Annual Summit. These three initiatives, which all originated in collaboration with the Global Maritime Forum, share a common objective: fostering transparency on emissions reporting to promote international decarbonisation of the shipping industry.

The Athens event brought together more than 60 influential stakeholders representing various sectors within the maritime ecosystem, including charterers, financial institutions, marine insurers, shipowners, service providers, and brokers. The discussions explored the common challenges confronting shipping's green transition and the potential for collaborative efforts to address critical issues within the supply chain.

There was also a major focus on the crucial role of transparency and open dialogue in understanding emissions data linked to shipping activities, as well as how to manage risk while addressing increasing regulations and shifting consumer expectations. Despite the prevailing challenges, a shared commitment to openness and data sharing has the potential to drive the industry toward a greener and more transparent future.

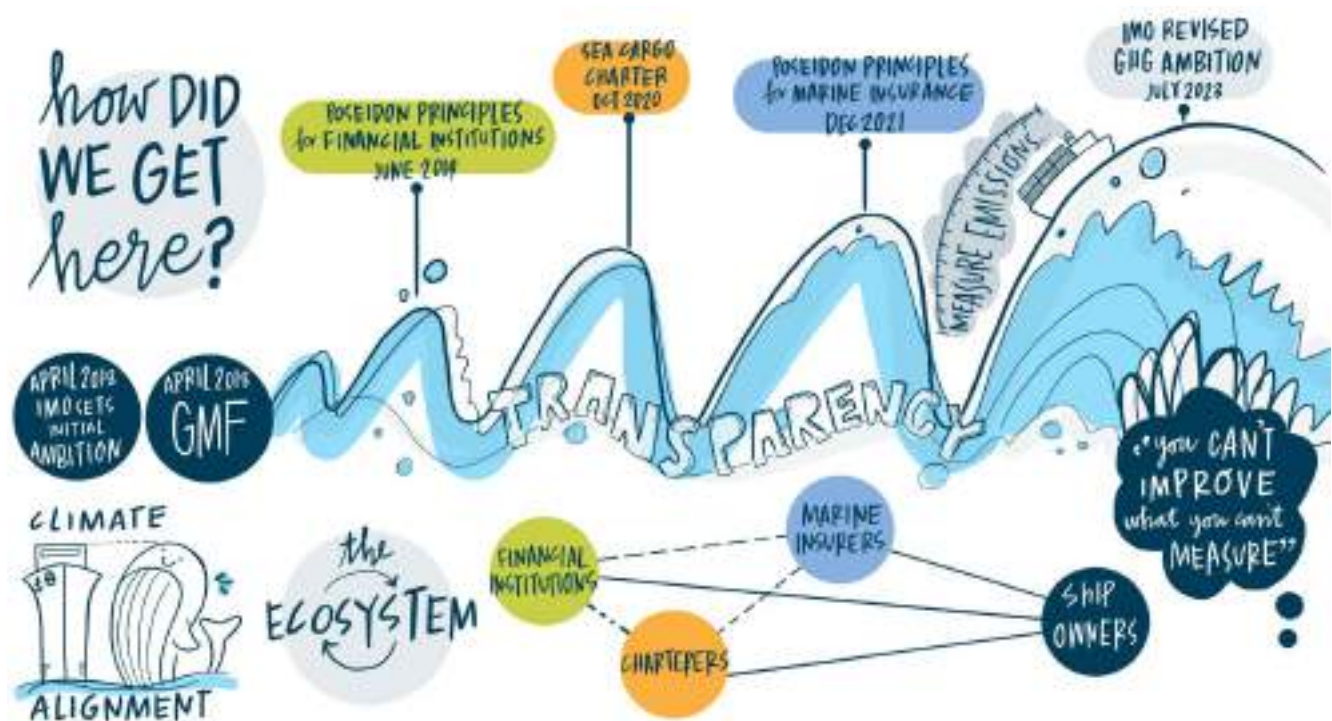


Figure 3.

Timeline of the development of the three transparency initiatives within the maritime ecosystem. The two Poseidon Principles initiatives and the Sea Cargo Charter are hosted by the Global Maritime Forum

Looking ahead

The Poseidon Principles for Marine Insurance were never envisaged to be static. Recognising the significant role that marine insurers play in fostering responsible environmental practices across the maritime value chain, the Poseidon Principles for Marine Insurance stand ready to support the 2023 IMO GHG Strategy and collaborate with industry stakeholders to ensure the long-term sustainability of international shipping.

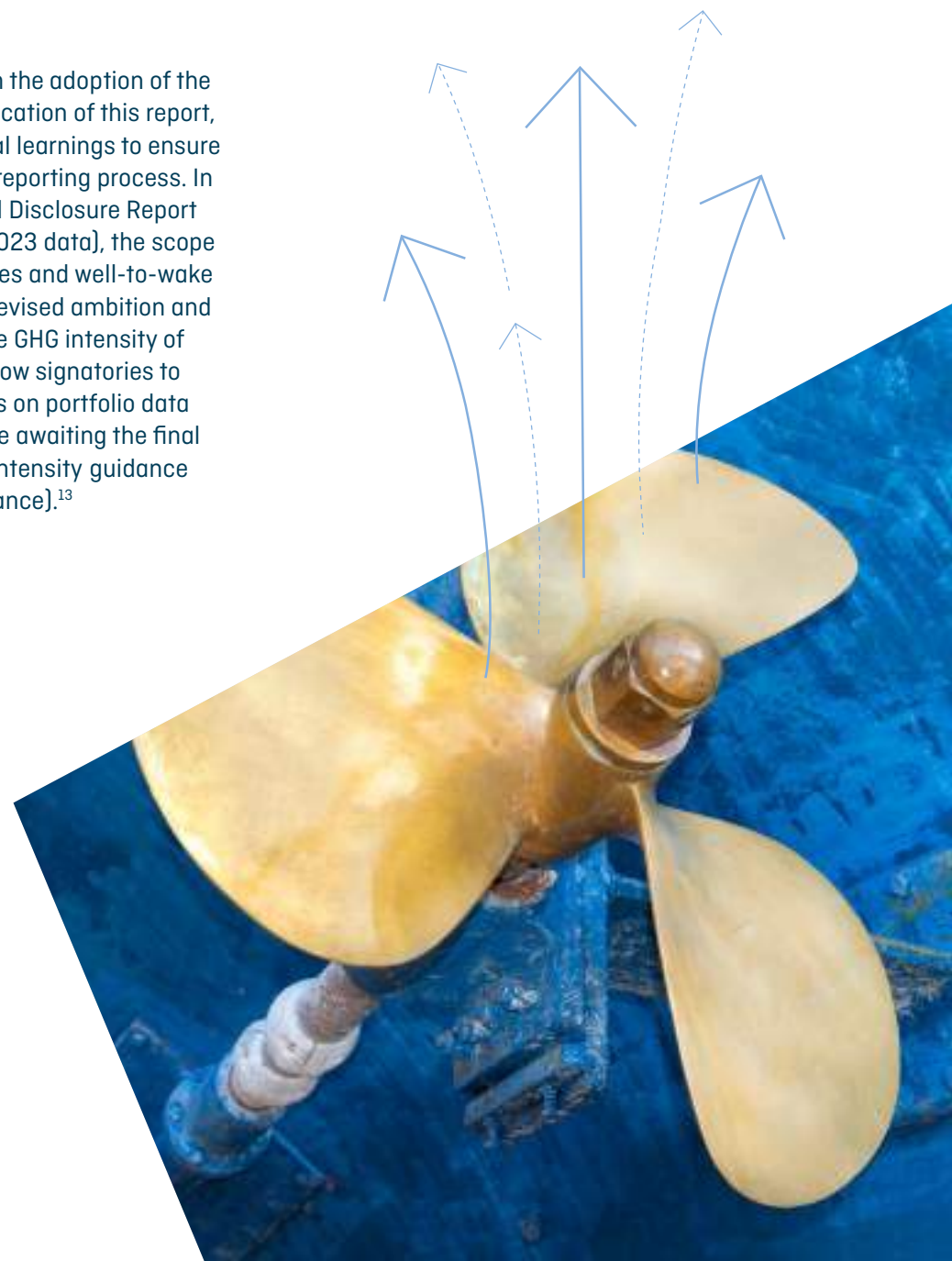
The Poseidon Principles for Marine Insurance fully endorses the IMO's revised ambition to reach net-zero GHG emissions in the shipping sector close to 2050. This strategic revision provides an invaluable roadmap for the entire industry. The members also welcome the shift from considering operational emissions¹¹ to full life cycle emissions¹² in the revised GHG strategy, emphasising the importance of considering the entire life cycle of emissions along with other GHG species like methane and nitrous oxide.

Given the short time frame between the adoption of the IMO's revised strategy and the publication of this report, the focus this year was kept to initial learnings to ensure consistency and robustness in the reporting process. In the next reporting cycle (the Annual Disclosure Report published in early 2025 based on 2023 data), the scope will expand to include all GHG species and well-to-wake emissions, aligning with the IMO's revised ambition and upcoming guidance on the life cycle GHG intensity of marine fuels. This expansion will allow signatories to test proposed methodology updates on portfolio data and improve data accessibility while awaiting the final publication of life cycle emissions intensity guidance expected in Spring 2024 (LCA Guidance).¹³

¹¹ Also known as "tank-to-wake", are emissions from fuel combustion onboard a vessel.

¹² Also known as "well-to-wake", are emissions from upstream activities and operation of a vessel.

¹³ See current version of the [LCA Guidance](#) which is expected to be developed further in March 2024.



A note on the 1.5°C temperature goal

In September 2022, signatories committed to reporting their climate alignment against a 1.5°C goal, thus aligning fully with the Paris Agreement ambition. In the meantime, the IMO adopted its 2023 GHG Revised Strategy. While the IMO’s revised strategy was more ambitious than expected, there are shortcomings in terms of alignment with the Paris Agreement’s target of limiting global temperature increases to 1.5°C. Upon analysis of the impact of MEPC 80, the GHG reduction levels used to define the future potential new Poseidon Principles for Marine Insurance trajectories are quite close to the 1.5°C pathway for shipping (Figure 4).

Due to the infancy of both the IMO guidance and the Poseidon Principles for Marine Insurance itself, and taking into consideration the similarity between the initiative’s current ambitions (which include a 100% CO₂ trajectory¹⁴) and the revised IMO ambitions, the decision was made to concentrate on strengthening the current methodology and reflecting on the journey so far. This has postponed both the introduction of revised 2023 IMO GHG Strategy-aligned trajectories or any additional trajectory aligned with a 1.5°C future for this reporting cycle.

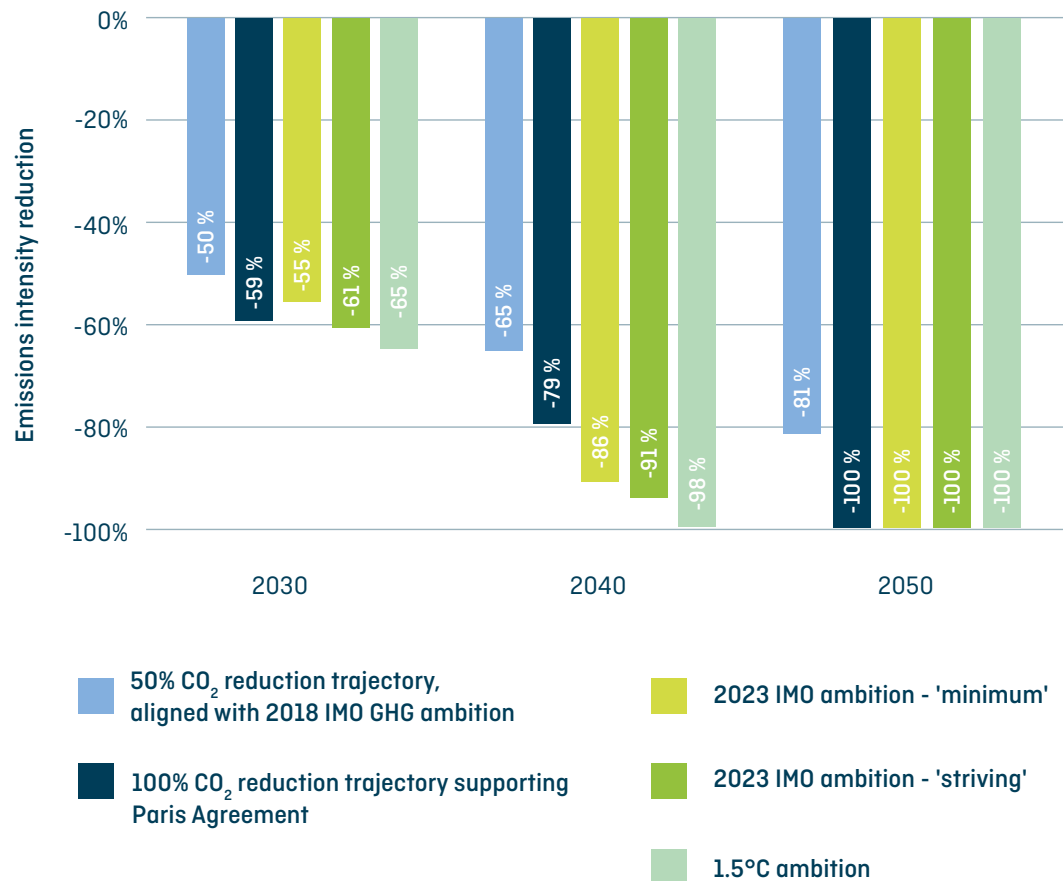


Figure 4.

Comparison of emissions intensity reduction needed between current Poseidon Principles for Marine Insurance trajectories, potential future trajectories aligned with the 2023 IMO GHG Strategy, and one aligned with a 1.5°C future.¹⁵

¹⁴ The 100% CO₂ reduction trajectory is not by definition aligned with a 1.5°C global temperature stabilisation goal, partly because it does not include all GHG emissions such as methane and does not account for upstream emissions (only on operational emissions or tank-to-wake approach).

¹⁵ These values were taken from an internal analysis done by Poseidon Principles for Marine Insurance advisory UMAS in July 2023 to understand the impact of MEPC 80.

3. Climate alignment and decarbonisation trajectories

Signatories of the Poseidon Principles for Marine Insurance have committed to reporting the climate alignment of their H&M portfolios each calendar year. Affiliate members are not required to calculate and disclose climate alignment scores but are expected to support the signatories in the process. The overall climate alignment score is based on the individual vessel climate alignment scores for each vessel in an insurer's H&M portfolio.

Climate alignment measures the difference, as a percentage, between a vessel's actual carbon intensity and its respective decarbonisation trajectory. When all vessel scores within a portfolio are averaged together, the overall score represents how aligned the entire portfolio is to the decarbonisation trajectory. Figure 5 shows a stylised depiction of a decarbonisation trajectory (blue line) and annual emissions intensity of a vessel. Green dots represent vessels that are aligned, or below the decarbonisation trajectory. Red dots represent vessels that are misaligned, or above the decarbonisation trajectory.

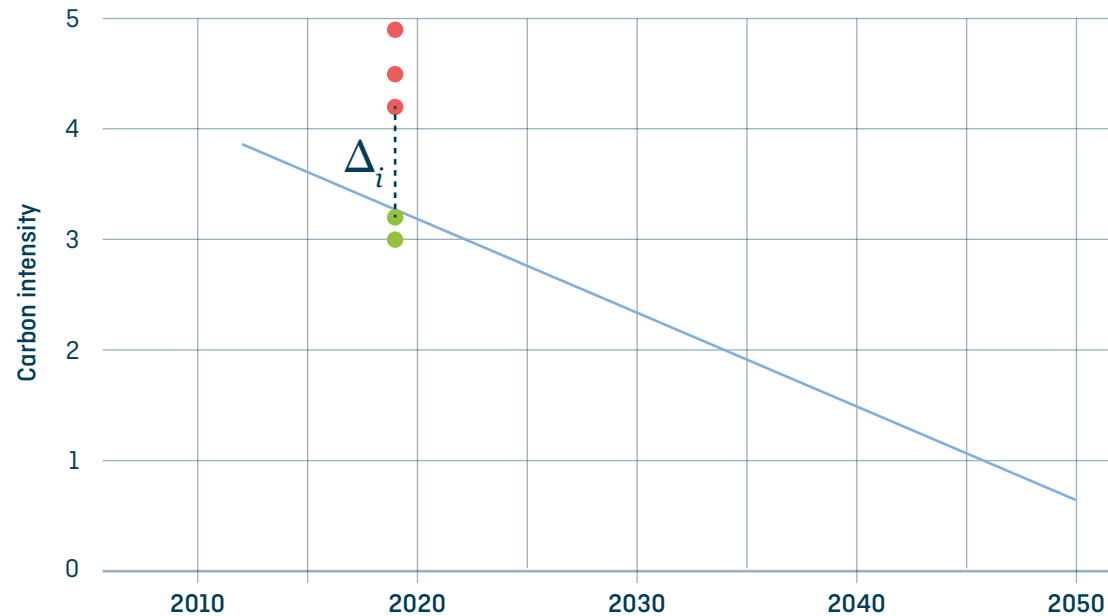


Figure 5. Assessing climate alignment at the vessel level



Decarbonisation trajectories

The Poseidon Principles for Marine Insurance trajectories represent two climate ambitions and are used to measure the degree to which each signatory's portfolio meets the associated ambition.

The two trajectories are as follows:

- **50% CO₂ reduction trajectory** is consistent with the 2018 IMO GHG ambition¹⁶ for GHG emissions from international shipping to peak as soon as possible and reduce by at least 50% by 2050 compared to 2008.
- **100% CO₂ reduction trajectory** supports the ambition to be consistent with the goals of the Paris Agreement, to achieve climate neutrality by 2050, and to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

These are produced for each ship type and size class and in a format that allows for simple weighted aggregation to the portfolio level. Once the carbon intensity of all vessels within a signatory portfolio is calculated, it is simple and practical to understand climate alignment as the relationship between the actual carbon intensity and the decarbonisation trajectory. This also ensures that climate alignment scores are comparable between signatories.

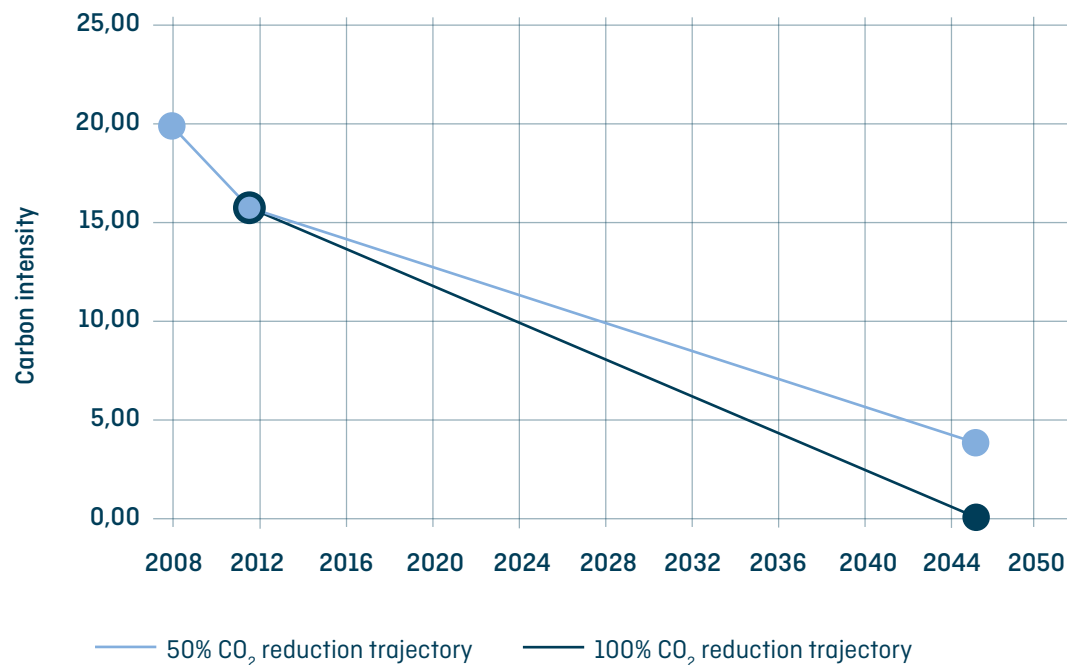


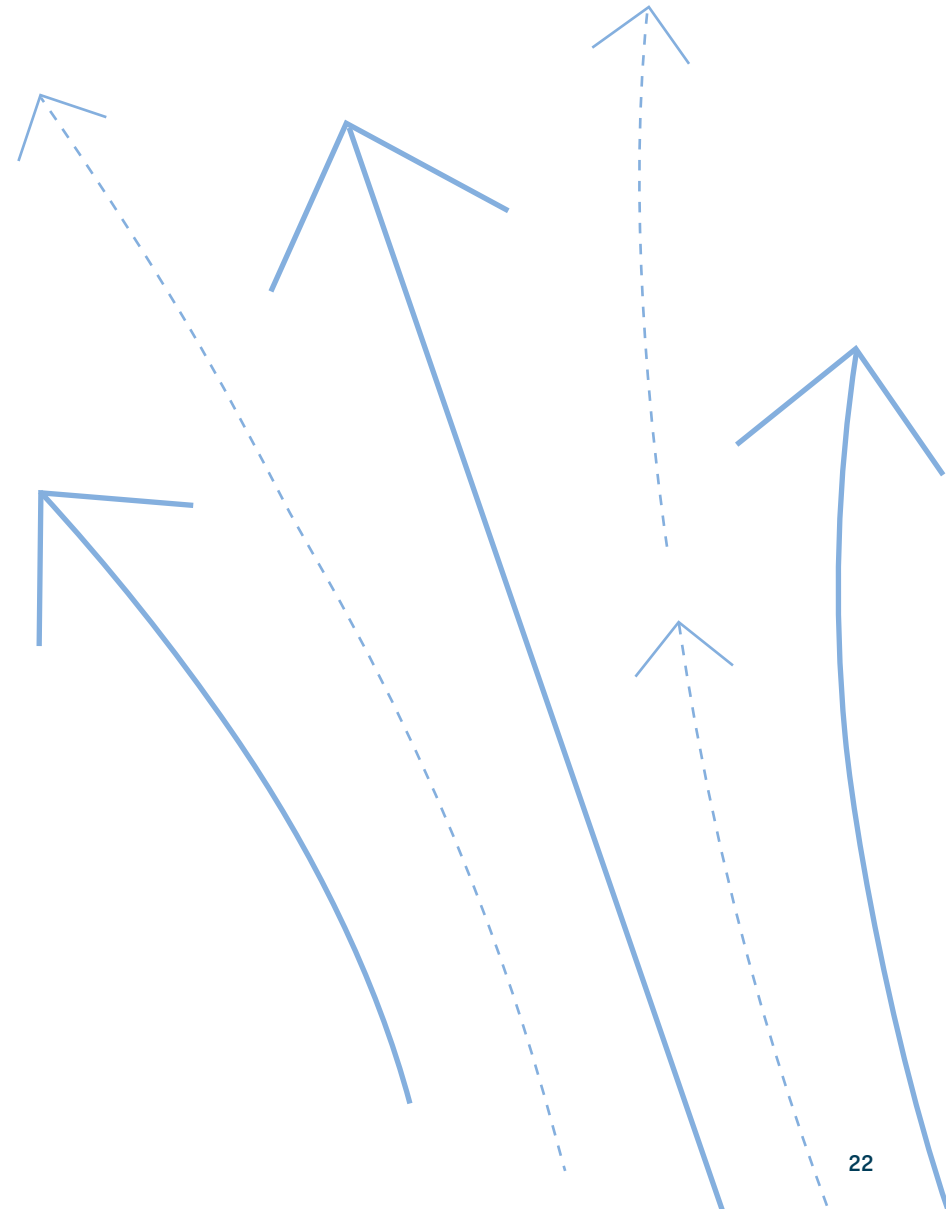
Figure 6.
50% CO₂ reduction and 100% CO₂ reduction trajectories

¹⁶ IMO MEPC. (2018). Initial IMO Strategy on reduction of GHG emissions from ships - MEPC.304(72).

Revisions and future considerations to the decarbonisation trajectories

The Poseidon Principles for Marine Insurance methodology is intended to evolve when the IMO creates new policies and to reflect the latest developments and evidence regarding decarbonisation trajectories. As such, the initiative aims to update its emission reduction targets by replacing the current CO₂ reduction trajectories and adopting new trajectories that consider the 2023 IMO GHG Strategy.

Due to the rapidly changing landscape of shipping and emissions reporting, there will likely be additional changes to ensure the use of the most up-to-date science and methods in climate reporting. Some areas of particular interest to consider in 2024 include the impact of the forthcoming IMO LCA Guidance and vessel categorisation. Additionally, outcomes from MEPC 81, to be held in March 2024, will be considered to keep the Poseidon Principles for Marine Insurance in line with the latest available bodies of evidence.



4. Reporting results

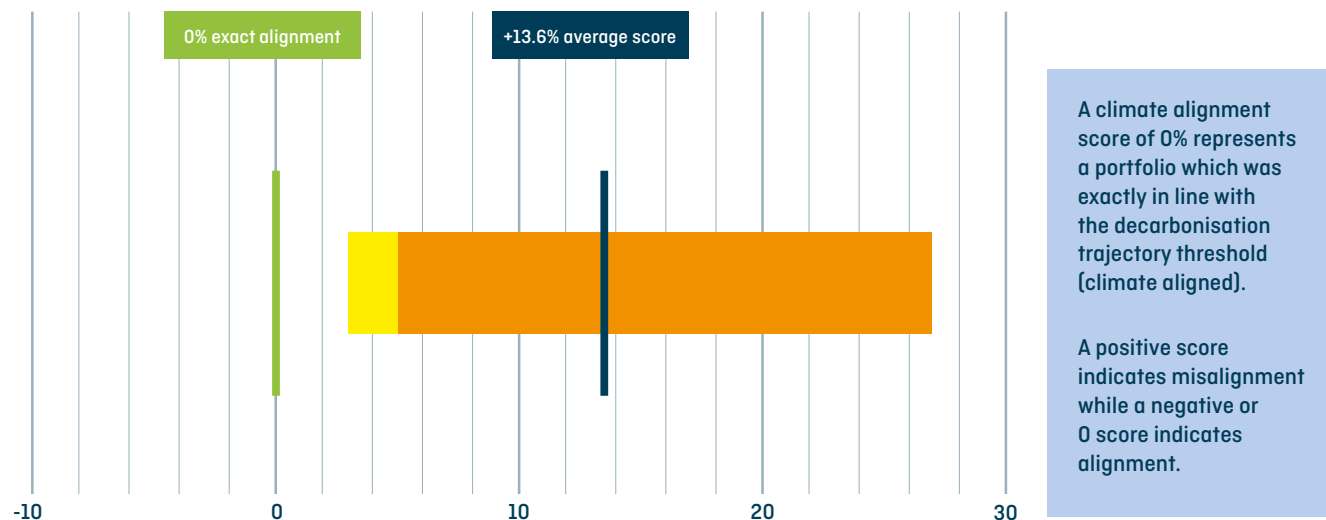
For the second Annual Disclosure Report, ten signatories have publicly disclosed the climate alignment of their H&M portfolios. This is two more signatories than last year. Additionally, nine affiliate members continued to support the initiative and its signatories, while engaging in conversations with clients to ensure general awareness and understanding of the Poseidon Principles for Marine Insurance.

As part of the reporting requirements, signatories provided climate alignment scores against two decarbonisation goals established by the IMO and the Paris Agreement:

- the **50% CO₂ reduction trajectory** is defined by the 2018 IMO GHG strategy to meet its ambition for at least 50% reduction in absolute CO₂ emissions by 2050 (compared to 2008); and
- the **100% CO₂ reduction trajectory** aligns more closely to the Paris Agreement by targeting 100% reduction in absolute CO₂ emissions by 2050 (compared to 2008).

Results against the **50% CO₂ reduction trajectory**

The simple average of all reported climate alignment scores calculated was +13.6%. Scores ranged from +2.9% to +26.9%, with one signatory reporting a score of +5% or less. These scores are similar to what was reported last year, when there was an average score of +12.4%¹⁷ and a range of +1.9% to +24.6%. However, it's important to note that the portfolios of signatories change from year to year, so it's not feasible to make a direct comparison between scores.



¹⁷ Since the publication of the previous report, one signatory revised their scores from 2021, which changed the overall average last year to +12.4% from +12.7%.

Figure 7.

Portfolio climate alignment scores against the "50% CO₂ reduction trajectory". This figure shows the range of scores, with a green line at 0% representing an aligned score, a blue line at +13.6% to show the average, and a yellow box to represent +5% or less.

Results against the 100% CO₂ reduction trajectory

The simple average score was +23.8%, with a range from +12% to +38.1%, with one signatory reporting a score of +15% or less. These scores are not very different than last year when there was a simple average score of +20.8% and a range from +9.8% to +34.4%. Again, these scores are not exactly comparable due to the changing makeup of signatory portfolios.

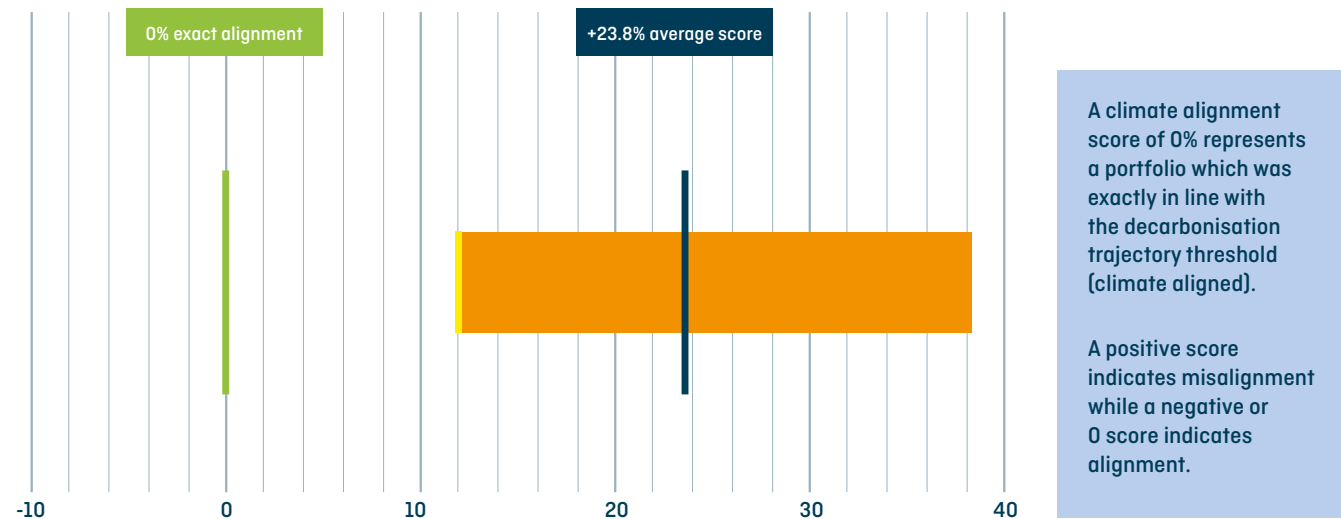


Figure 8.

Portfolio climate alignment scores against the “100% CO₂ reduction trajectory”. This figure shows the range of scores, with a green line at 0% representing an aligned score and a blue line at +23.8% to show the average add and a yellow box to represent +15% or less.

Understanding the reporting results

As this is only the second time signatories have been through the reporting process, it is an important stepping stone in furthering sustainability work and developing actions to eventually improve scores through better access to data and increased knowledge combined with the adoption of more efficient vessels and alternative fuels. Signatories' H&M portfolio scores are impacted by the percentage of aligned or misaligned vessels, a high deadweight (DWT) share associated with a limited number of aligned or misaligned vessels, or a combination of both these factors. This can be extended to how vessel types within a portfolio resemble their peer equivalents in the global fleet. In other words, the alignment score could be influenced by a higher exposure to vessel types that performed better, or worse, than others on average.

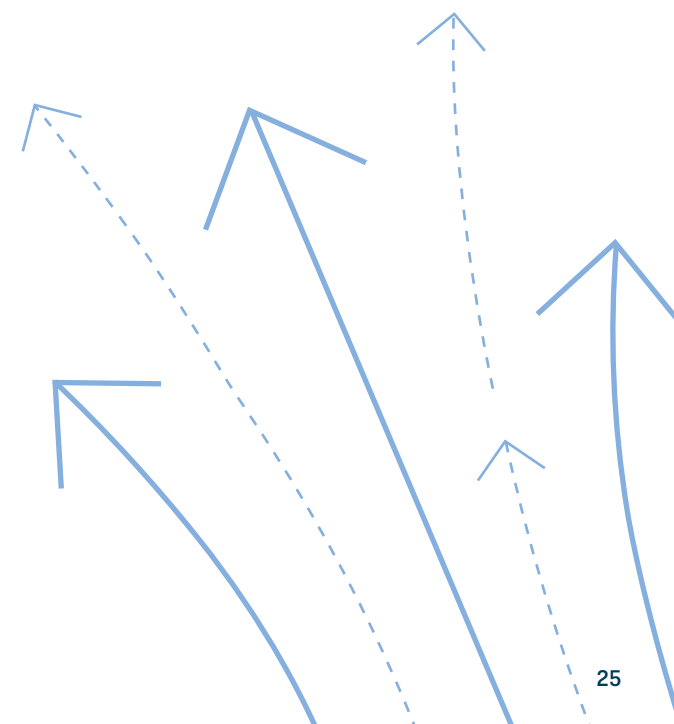
Furthermore, a limited number of vessels can account for a significant proportion of the overall score for some signatories. Having a smaller number of vessels in a portfolio increases the sensitivity of a signatory's climate alignment score to each individual vessel type and score, especially if those vessels also have a higher DWT share of exposure. Similarly, comparing individual vessels, even those of the same type and size, can reveal performance variance in their climate alignment scores. One major reason for this is their respective age, technical efficiency, operation and maintenance, and the starting baseline trajectory value per vessel type and size category.

The average reporting percentage¹⁸ across signatories this year was slightly lower than last year, meaning there is room for improvement in terms of data collection and overall coverage. The reporting percentage and ability to gather data is impacted by the specificities of marine insurance contracts changing each year and the dynamics of claims leaders and followers. Because claims followers rely on claims leaders for data, reporting percentage from one leading signatory can impact multiple following signatories.

Some signatories also noted that many changes to their portfolio throughout the year makes it difficult to create a full representative picture, which means comparing scores year to year is not always relevant. Through the inclusion of the covenant clause in new business and the focus on demystifying the initiative with clients, the goal is to increase the reporting percentage over time to ensure high quality data.

While no signatories reported aligned scores this year, it is important to consider that these scores are based on data from 2022 and could have been impacted by various events around the world. For example, restrictions due to Russia's war on Ukraine may have forced some clients to take longer routes or explore different fuel options and technologies. Additionally, signatories have identified how misaligned scores could partly be explained by global trading activity returning to normal after two years of COVID. This could include port congestion and changing shipping speeds marked by increased shipping activities since the ease of COVID restrictions globally.

¹⁸ The reporting percentage is not publicly disclosed due to competitive reasons.



Providing valuable insights to signatories and encouraging transparency

Signatories noted that the Poseidon Principles for Marine Insurance framework has provided a method to gather information which allows them to better identify, adopt, and inform discussions and strategies with clients. Participation in the initiative was mentioned as a key factor that has enabled the identification of pathways to foster decarbonisation by supporting technical and operational innovation. It has also encouraged transparency and opened fact-based dialogue between signatories, affiliate members, and their clients on how to mitigate the climate-related risks of their portfolio. Collecting and analysing the data allows signatories to better understand the drivers of the green transition. The initiative provides a transparent mechanism against which signatories can then measure the impact of their customers' efforts. Some signatories noted that being part of the initiative is a way to play their part in reaching the objectives set by the IMO and the Paris Agreement.

After a full year as part of the Poseidon Principles for Marine Insurance, and having received positive feedback from their clients, many affiliate members consider this framework to have strengthened and encouraged efforts to contribute to the decarbonisation of shipping. Affiliate members have stated their commitment to further the reach of the initiative by raising awareness on its importance within the marine insurance ecosystem.

At the end of the second year of reporting

The Poseidon Principles for Marine Insurance is still a new initiative. The second report marks a vital continuation of the journey signatories and affiliate members have embarked on to learn and improve, together with their clients, while supporting decarbonisation of the international shipping industry through enhanced transparency. This reporting exercise has continued to be regarded as important and useful within the marine insurance sector by providing valuable information, especially to benchmark emissions of H&M portfolios against the IMO's initial GHG strategy and the 1.5°C Paris Agreement ambition.

In members' written responses, there was reflection about the need to not only find ways to improve data collection, but also to reduce administrative burdens on all stakeholders, streamline the process, and enhance data quality. Many signatories expressed their continued interest in engaging with partners on environmental, social, and governance (ESG) topics and the Principles, in hopes of increasing participation. There was also confidence in the ability of claims leaders to obtain more data in the coming year. It is expected that signatories will continue to use their climate alignment scores to initiate constructive conversations with their respective clients to promote and support the transition of the shipping industry towards net zero. Brokers' efforts to explore future fuels and enable technologies is also an important part of this transition.

Looking ahead, both signatories and affiliate members expressed support of the increased IMO GHG ambition resulting from MEPC 80. The incorporation of this new ambition is seen as a key improvement and will be foundational for the evolution of the Principles throughout the next year and beyond.





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

Figure 9 illustrates a signatory's portfolio climate alignment scores to achieve 50% CO₂ as well as 100% CO₂ reduction. A score of 0% indicates "exact alignment" for both the 50% and 100% CO₂ reduction trajectories and is represented by the green line. The light blue dot represents a signatory's climate alignment score against the 50% CO₂ reduction target while the dark blue dot represents alignment score against 100% CO₂ reduction target. A positive score indicates misalignment, while a negative or 0 score indicates alignment.

As this is the second year of reporting, scores based on both 2021 and 2022 data will be shown on each signatory page as done in Figure 9. Signatories who did not report last year will only show data from 2022. It is important to note that the portfolio of signatories change every year, so an absolute comparison between the years is impractical. This graph is aimed at depicting relative alignment to the annual target to better understand overall progress.

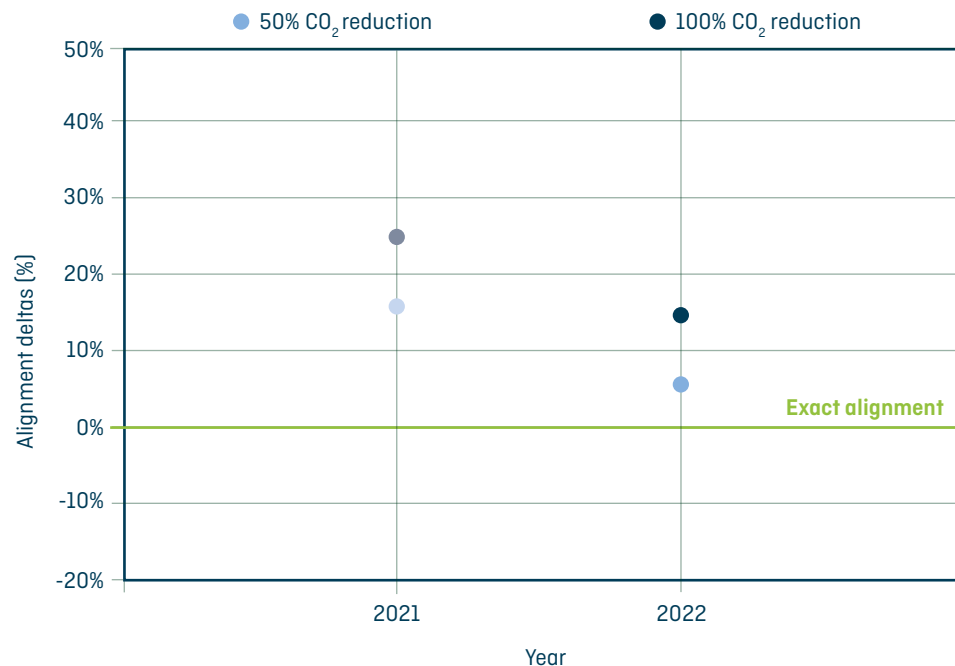


Figure 9.

Example of portfolio climate alignment scores

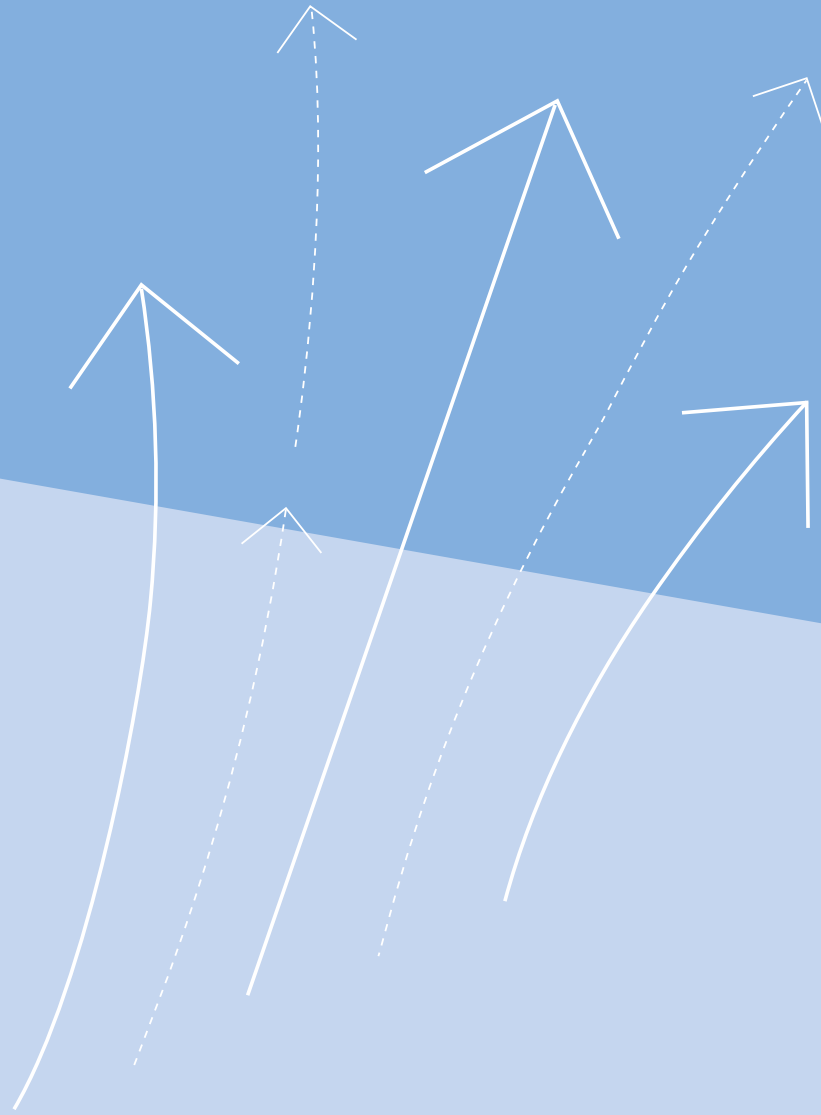
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FULFILLING SIGNATORY REQUIREMENTS



AXA XL



Signatory as of June 2022

What are your key takeaways from your climate alignment score?

As a Founding Partner of the Poseidon Principles for Marine Insurance, AXA XL is pleased to announce its first climate alignment score towards the emission targets set by the IMO and the Paris Agreement.

The Poseidon Principles for Marine Insurance provides transparency in how emissions are reported which is a critical first step on the path to support shipping decarbonisation. Working with the Poseidon Principles for Marine Insurance has enabled us to structure our data in a way that we can now measure, report and drive insights, improving transparency.

Our first climate alignment score was based on 20% of AXA XL's H&M portfolio. This indicates that more work needs to be done to improve the quality of the reported data with an aim to increase the portfolio coverage of our climate alignment score.

AXA XL is committed to supporting our customers' efforts to improve the energy efficiency of their fleets and offer customised insurance products required to make zero carbon shipping a reality.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

The Poseidon Principles for Marine Insurance has enabled us to assess and disclose the climate alignment of our H&M portfolio, providing us with valuable insights to initiate constructive conversations with our clients to support de-risking their energy transition.

Our strong environmental commitment coupled with Poseidon Principles for Marine Insurance accountability is a key success factor to identify robust levers to foster decarbonisation by supporting technical and operational innovation. Poseidon Principles for Marine Insurance supports this by providing a transparent mechanism against which we can measure the impact of our clients efforts to explore future fuels and technologies that enable decarbonisation.

[Link to institutional report](#)

→ [Go back to member list](#)



The Poseidon Principles for Marine Insurance annual disclosure is more than numbers; it's the insurance industries commitment to a sustainable maritime future. This landmark initiative propels us forward on the voyage towards decarbonisation, with data serving as our compass.

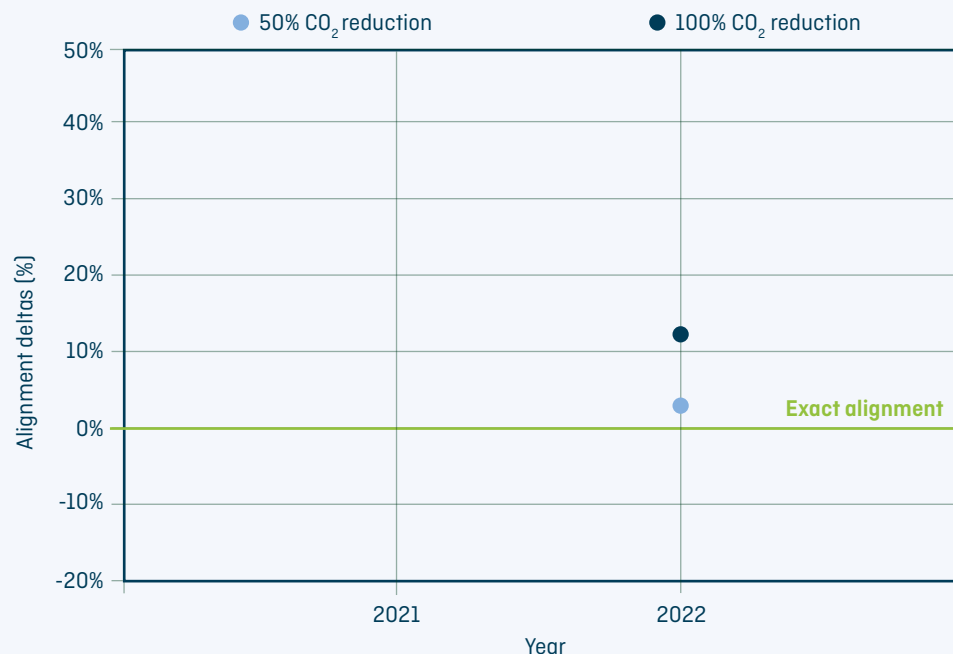
Anne Marie Elder, Global Chief Underwriting Officer, Marine



Portfolio climate alignment scores (2022)

50% CO₂ reduction: **2.9%**

100% CO₂ reduction: **12%**



Fidelis MGU

Founding signatory as of December 2021



What are your key takeaways from your climate alignment score?

The alignment score has improved compared to last year, although the data set is not like-for-like given the expanded coverage of vessels. Trends in the alignment score will become more meaningful once a representative baseline is established with the inclusion of additional signatories and rising reporting percentages.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

To date there has been no impact on decision-making, but in 2023 we began to track insurance associated emissions across our portfolio (including for marine risks). The data gathered for the Poseidon Principles for Marine Insurance reporting will complement this going forward.



The Poseidon Principles for Marine Insurance has welcomed new members in 2023, which has naturally contributed to more meaningful alignment scores. We will continue to push for improving data quality and coverage in the coming years, and broader acceptance of this initiative will benefit all members.

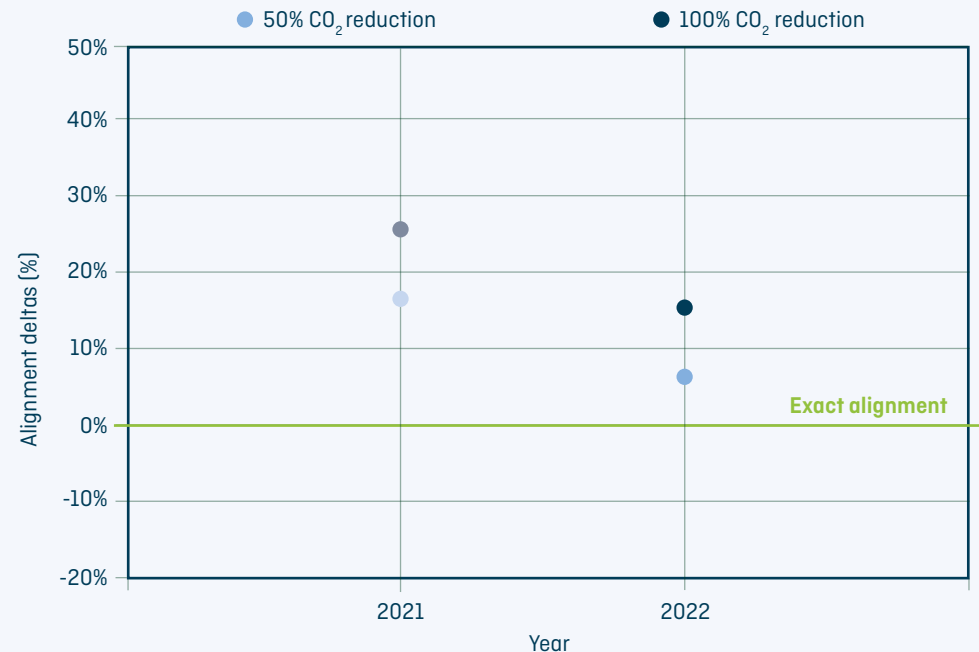
Charles Mathias, Deputy Chairman



Portfolio climate alignment scores (2022)

50% CO₂ reduction: **6.3%**

100% CO₂ reduction: **15.6%**



Gard



Founding signatory as of December 2021

What are your key takeaways from your climate alignment score?

We are pleased to report our climate alignment score for 2022. Within the 12 months since our last reporting, we see some early indications that the fuel mix is changing and that our clients are trying out new types of fuel. Further, we see lower average emissions per ship and fewer port calls against similar distances sailed. These effects are however somewhat offset by increased speeds in segments with high activity levels, and the fact that the trajectories require that we improve from year to year. The overall result is therefore a moderate deterioration in our alignment score. It is worth noting that for last year's score, we have had a slight improvement. This has to do with an adjustment made to better reflect our insured exposure to some of the ships in our portfolio.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

The green transition is high on the agenda for Gard, as it is for our Members and clients and the rest of the maritime community. The Poseidon Principles for Marine Insurance provide us with data to better understand the drivers in this green transition and allow us to engage constructively with our customers on a topic that is key to them.

Since last year, the decarbonisation ambitions of the IMO and the Marine Environment Protection Committee (MEPC 80) have increased. We welcome this development and it is more important than ever that we work together to achieve this goal. As an insurer, we cannot sit idle. Our role is to support and enable the green transition, and we stand ready to provide cover for the risks associated with new fuel types and technologies.

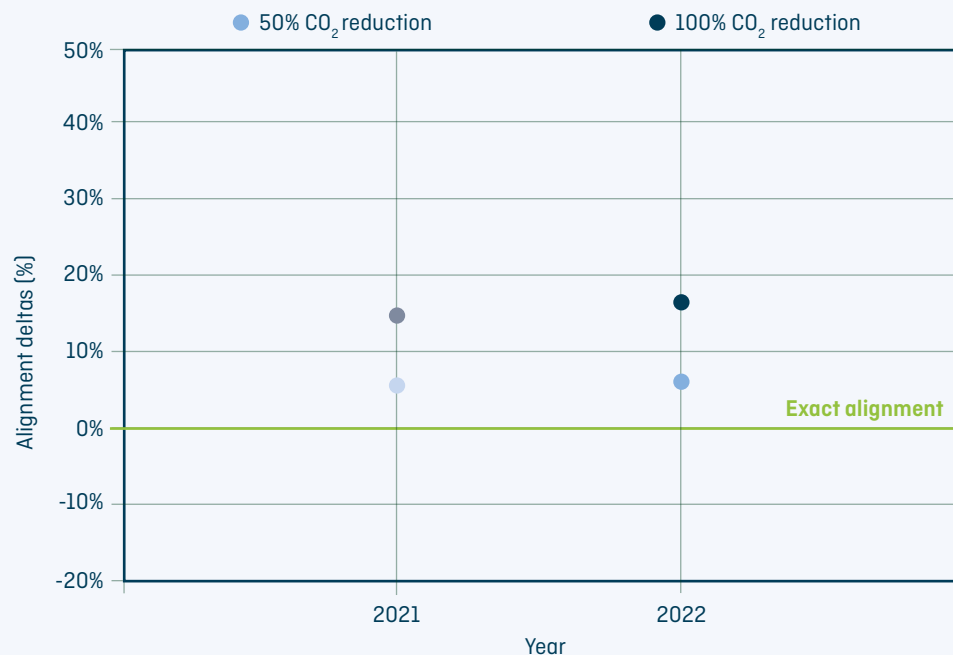
// **The development in our alignment score only confirms that there is still work to be done. Even so, we are grateful for the engagement shown by our customers in this year's data collection process, and we will continue to work towards further simplification and streamlining of the process. As a shipowner-controlled mutual, we are acutely aware and constantly reminded about the importance for our customers to decarbonise. Gard remains committed to supporting its clients in this transition.**

Rolf Thore Roppestad, Chief Executive Officer

Portfolio climate alignment scores (2022)

50% CO₂ reduction: **6.8%**

100% CO₂ reduction: **16.2%**



Hellenic Hull

Founding signatory as of December 2021



What are your key takeaways from your climate alignment score?

HMA announces the alignment of its climate score with the emission targets outlined by both the Paris Agreement and the International Maritime Organization (IMO). We have seen an increase in the climate alignment scores, which may partly be attributed to the fact that the number of vessels for which we received emissions data from our Leaders were considerably lower than last year.

We are actively striving to offer increased support and awareness within the shipping sector, recognising the crucial need for additional data to obtain a comprehensive industry perspective.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

At HMA, we are fully committed to playing our role in achieving the objectives outlined by the Paris Agreement and the International Maritime Organization. Thus, we remain focused on our commitment to actively measure and disclose the carbon emissions from our insured fleet. Through this initiative, we gain valuable insights into the climate risk of our hull and machinery portfolio via mapping our climate alignment score.

To further enhance our understanding, we are planning in-depth analysis of the results from this reporting year. This analytical approach will guide the integration of these insights into our upcoming business plan. We are pleased for our clients' feedback and support in this second reporting year, and we acknowledge that there is still work to be done both on our climate alignment score and the data collection process itself.

This recognition emphasizes the importance of the Poseidon Principles for Marine Insurance. With our clients' unwavering support, we remain confident that we will make the necessary progress on this transformative journey.

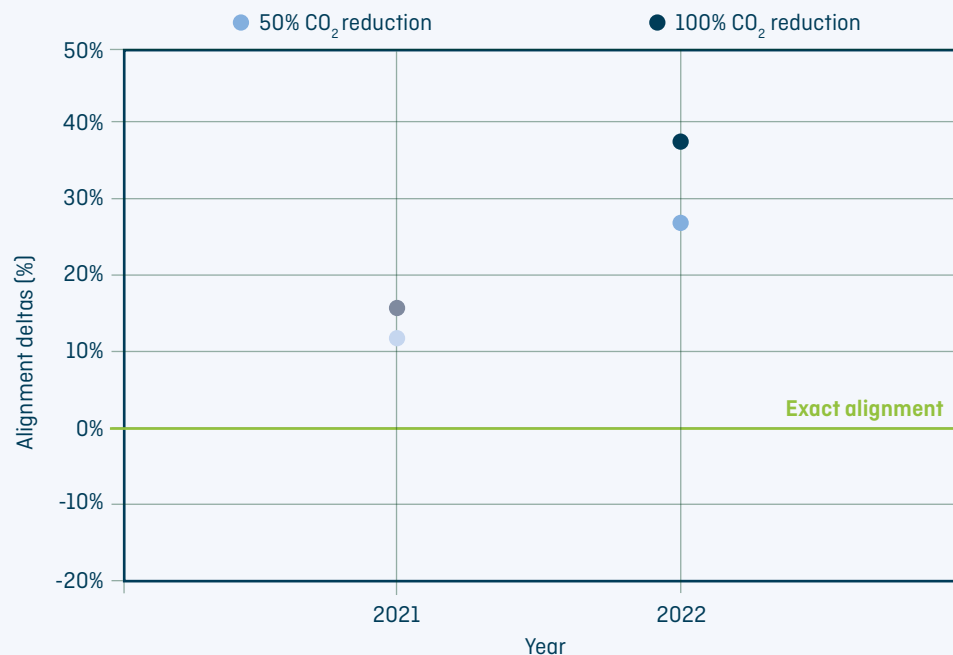
Following MEPC 80's outcome of reducing total GHG emissions by at least 70%, with a goal of 80% by 2040, compared to 2008, the Poseidon Principles for Marine Insurance are becoming increasingly relevant to our work in assisting shipowners in the transition to the new regulatory era. We are pleased to be at the forefront of this development as a founding member of the initiative, and we look forward to collaborating with shipowners in this transition.

Ilias Tsakiris, Chief Executive Officer

Portfolio climate alignment scores (2022)

50% CO₂ reduction: 26.9%

100% CO₂ reduction: 38.1%



Navium Marine Limited

Founding signatory as of March 2022



What are your key takeaways from your climate alignment score?

We are pleased to see an improvement this year on both the alignment scores. There is of course still further work to do with our clients and brokers next year as we try to improve transparency and transition to net zero.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

The Poseidon Principles for Marine Insurance enables us to analyse our portfolio from an ESG viewpoint which we have not been able to do before. We use the insights from the report to form part of our underwriting strategy for the following year.



It is encouraging to see an improvement in Navium’s climate alignment score this year and we look forward to moving forward on this trajectory.

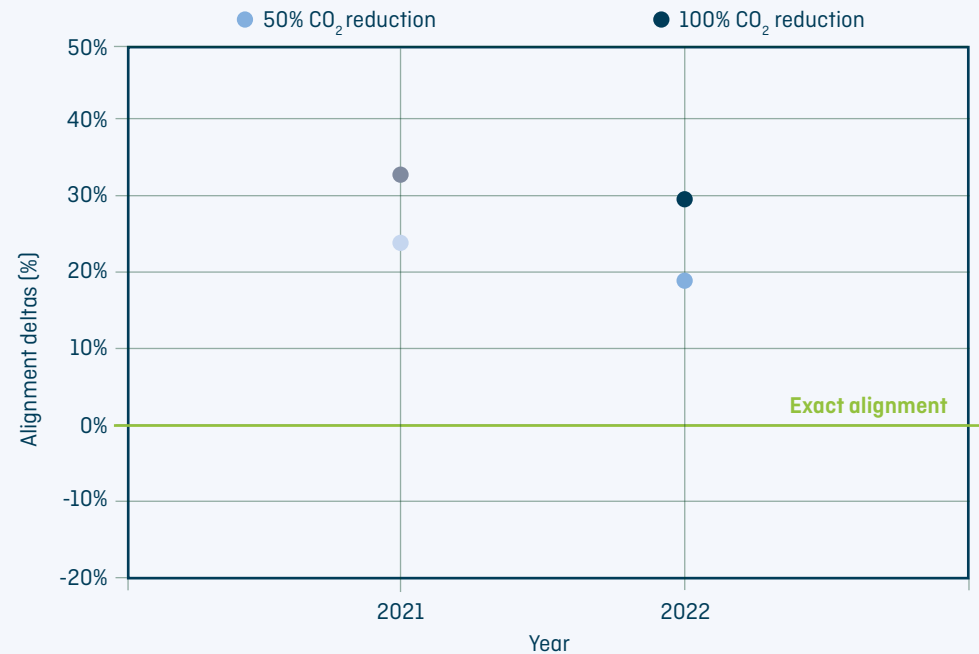
Oliver Clark, Deputy CUO



Portfolio climate alignment scores (2022)

50% CO₂ reduction: **19.4%**

100% CO₂ reduction: **29.9%**



Norwegian Hull Club

Founding signatory as of December 2021



What are your key takeaways from your climate alignment score?

Vessel emissions per nautical mile are compared to a 2012 baseline per segment. Our vessel emissions per nautical mile were down 1.9% from 91.7% of the baseline in 2021 to 90.0% of the baseline in 2022. The 100% reduction trajectory require a reduction of 3.4% from 76.3% of the baseline to 73.7%. The alignment score therefore increase from 20% $[91.7/76.3-1]$ to 22% $[90.0/73.7-1]$. The standard deviation of the alignment score is approximately 7% points. The non-reporting part of the portfolio can thus have a materially lower or higher alignment delta than reported. 47% of the reporting vessels also reported to us last year. These vessels sailed 3% longer in 2022 than in 2021 and the absolute emissions are 1% higher in 2022 than in 2021 for these vessels.

Neither the current alignment nor the annual improvement is currently sufficient to meet the 2050 target.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

The data collection process has been challenging for some of our clients. We hope to have added value to the process by giving clients access to alignment deltas and public MRV data for their vessels.

Going forward we believe the Poseidon Principles for Marine Insurance calculations should be based on data from open sources. This will attract more signatories and reduce the burden of reporting on everyone involved. This will also enable more transparency on findings in vessel segments etc.

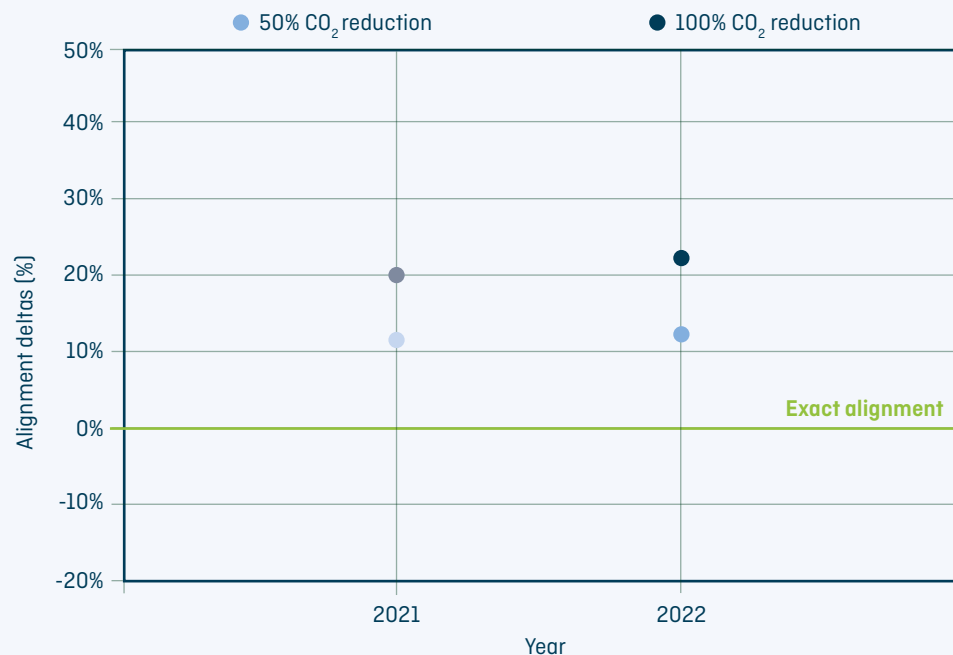
“ Collaboration and awareness are essential if we are to hit the zero-emissions target. While portfolio mapping helps to hold the entire value chain accountable, we support using open data sources going forward. It will minimise time spent on reporting and maximise focus on concrete measures and action.

Hildegunn Nilssen, Chief Communications and Sustainability Officer

Portfolio climate alignment scores (2022)

50% CO₂ reduction: **12.3%**

100% CO₂ reduction: **22.1%**



SCOR



Founding signatory as of December 2021

What are your key takeaways from your climate alignment score?

Looking back at last year, our alignment score has increased this year. This can be explained by the global trading activity returning to normal after two years of COVID and the growth of the World Seaborne trade.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

Measuring CO₂ emissions is a prerequisite to deliver on our commitment to be net zero by 2050. We need to collect more data to better steer our business, from analysis to pricing and underwriting guidelines. Engagement will be key to enhance this part of our strategy.



We are proud to continue being part of the Poseidon Principles for Marine Insurance journey, but response rate shows we need to engage more with our partners on ESG topics. Engagement is a key contribution to decarbonisation targets in supporting clients to settle transition plan, as well as reducing negative impacts and developing opportunities.

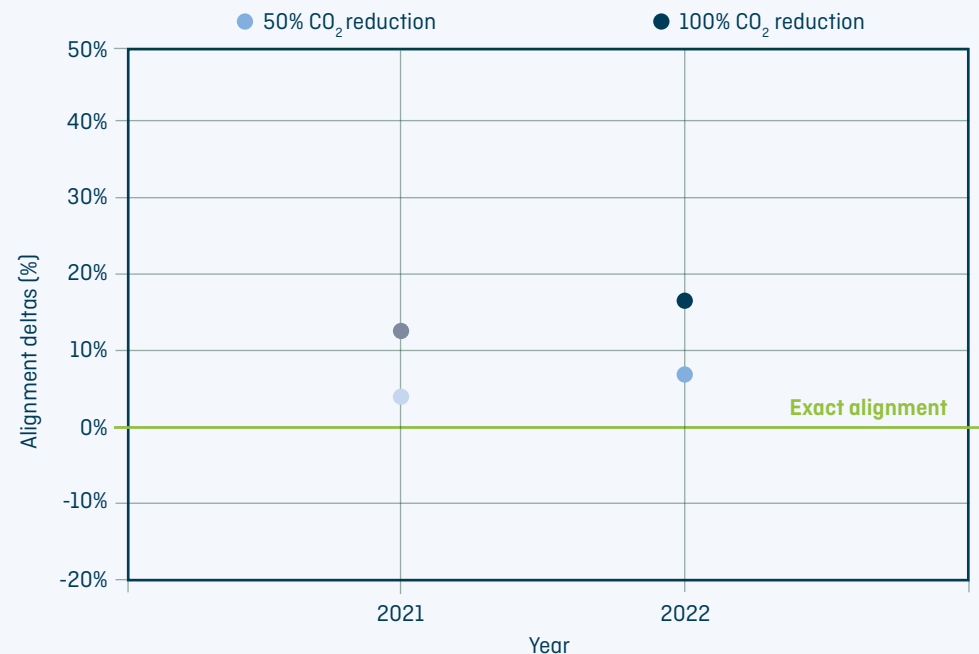
Gregory Delaisse, Global Head Marine and Transport Specialty Insurance



Portfolio climate alignment scores (2022)

50% CO₂ reduction: **7.4%**

100% CO₂ reduction: **16.9%**



Skuld

Signatory as of January 2023



What are your key takeaways from your climate alignment score?

This year’s climate alignment score indicates that our portfolio is above trajectory but also reflects the general status of global shipping activities, which are still behind the trajectory lines towards 2050. This is an expected outcome since current global regulations are insufficient to reach these objectives. With the new IMO GHG strategy, we expect the trajectory line to be more reflective of short-term initiatives and long-term ambitions. We are satisfied with a relatively high response rate for Skuld’s first year of reporting. This work will become even more important in the coming years but is already valuable for estimating the actual impact on our portfolio over time. We continue encouraging more companies to be involved in Poseidon Principles for Marine Insurance: improved transparency and activity will provide us with a better understanding of shipowners' needs.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

In Skuld, risk assessment is at the core of our business. There is a variety of elements that are important for our risk assessment, and we must take all risk factors into account. The Poseidon Principles for Marine Insurance score will be one of the factors we assess when managing our portfolio. We value transparency in Skuld and have high standards for interacting with our business partners. We are here to support shipowners and facilitate their risk management by actively working together towards achieving IMO GHG strategy ambitions. Supporting shipowners in their journey towards net zero in 2050 starts with understanding their needs, and the Poseidon Principles for Marine Insurance reflects much of the challenges shipowners encounter when dealing with new regulations and technologies. This provides a better understanding and insight into these needs for our underwriting team and the whole organisation.

[Link to institutional report](#)

// **The Poseidon Principles for Marine Insurance reflects Skuld’s commitment to building insight into shipowners’ needs and challenges related to the revised IMO GHG strategy. The transition to zero carbon emissions involves new risks, and Skuld actively supports our clients in their progression by participating in key industry activities.**

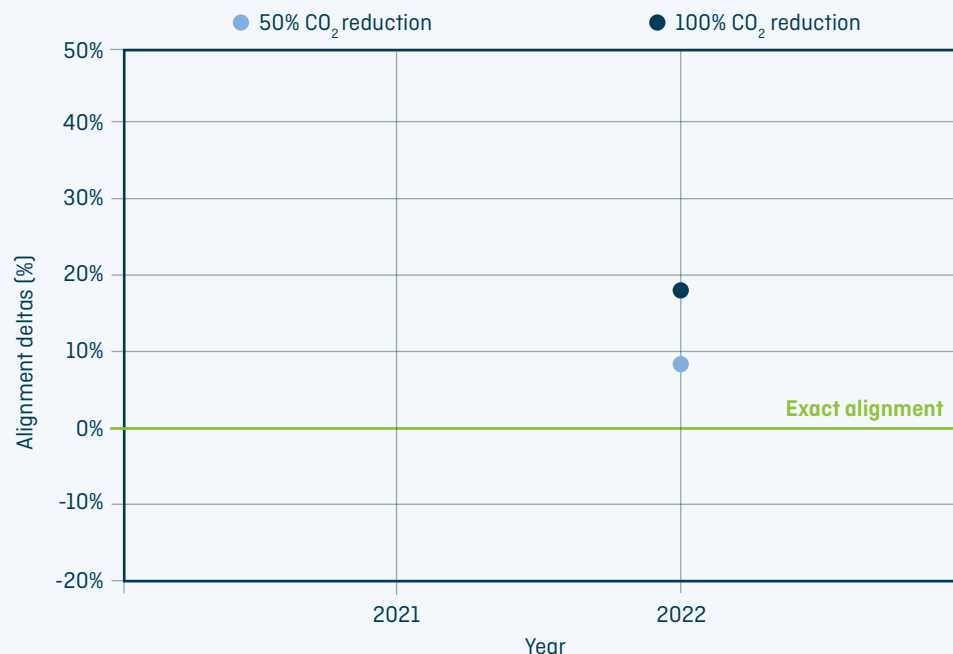
Ståle Hansen, President and CEO



Portfolio climate alignment scores (2022)

50% CO₂ reduction: **9.3%**

100% CO₂ reduction: **18.9%**



SWISS RE CORPORATE SOLUTIONS

Founding signatory as of December 2021



What are your key takeaways from your climate alignment score?

This year's assessment confirmed the results achieved in the first year of reporting. However, the 2023 reference 50% and 100% decarbonisation trajectories are lower than last year's.

This year we gathered feedback from an increased number of insureds, thus more vessels are now contributing to a more robust assessment of the carbon intensity of our marine hull and machinery portfolio.

Looking forward, it is noteworthy that the revised IMO GHG Strategy, adopted in July 2023 during the latest MEPC 80, brings about a pivotal shift. With its focus on reaching net-zero GHG emissions by or around 2050 and incorporating interim checkpoints in 2030 and 2040, the strategy also places emphasis on life-cycle emissions. This strategic alignment with evolving global standards signifies a key improvement in our approach and sets a foundation for future advancements in sustainability.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

Further analysis of the first two years assessments together with a comprehensive evaluation of the composition of our diversified portfolio in terms of types, sizes, and trading patterns of insured fleets and the foreseen implementation of the IMO Revised 'Net-Zero' decarbonisation trajectories provides an effective baseline of data that enables us to monitor the progress of the shipping industry in their route towards the improvement of the carbon footprint of their vessels.



To enhance awareness and understanding, extra efforts are essential to familiarise ship owners and brokers with the Poseidon Principles for Marine Insurance.

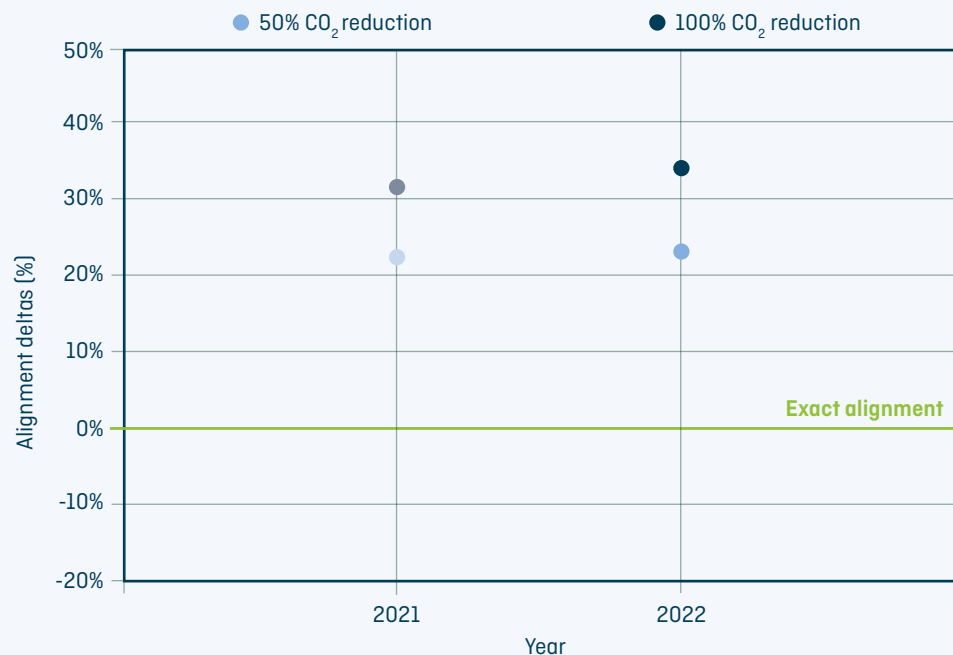
Lasse Wallquist, Head Sustainability



Portfolio climate alignment scores (2022)

50% CO₂ reduction: **23.1%**

100% CO₂ reduction: **33.9%**



Victor Insurance

Founding signatory as of December 2021



What are your key takeaways from your climate alignment score?

Numbers suggest that there is need to take corrective actions to be better aligned with the CO₂ reduction trajectory. This is the second time Victor has been able to assess the climate alignment score for our Marine Hull portfolio, but we are reporting on lesser number of vessels this year as compared to last. Nevertheless, it provides a foundation for further consideration and assessment in the years to come.

How have the Poseidon Principles for Marine Insurance influenced your business activities and decision-making, or how will they inform these areas in the future?

In line with the directives from Poseidon Principles for Marine Insurance, claim leaders have now included the "New standard covenant clause" on the slips which will help with improved data collection. As a follow line business, we rely on the leader for this information. Hopefully we are able to procure data on more vessels next year which will provide a stronger basis for determining the impact on future decisions concerning the shape and size of our portfolio.



Victor started writing Marine Hull business on a follow line basis in Feb 2021. Our underwriting philosophy is to use and deploy data at the heart of our decision making. We foresee that climate alignment will become a much more relevant central underwriting factor in our portfolio decisions over time. We are very proud to be a part of this journey in reducing the carbon footprint.

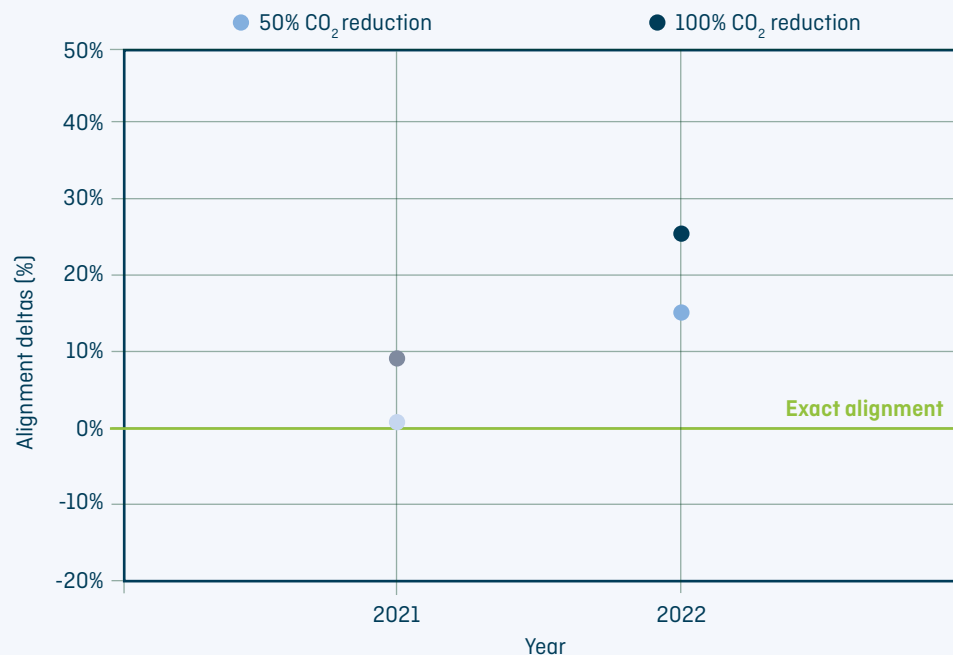
Alexander Arias, Managing Director

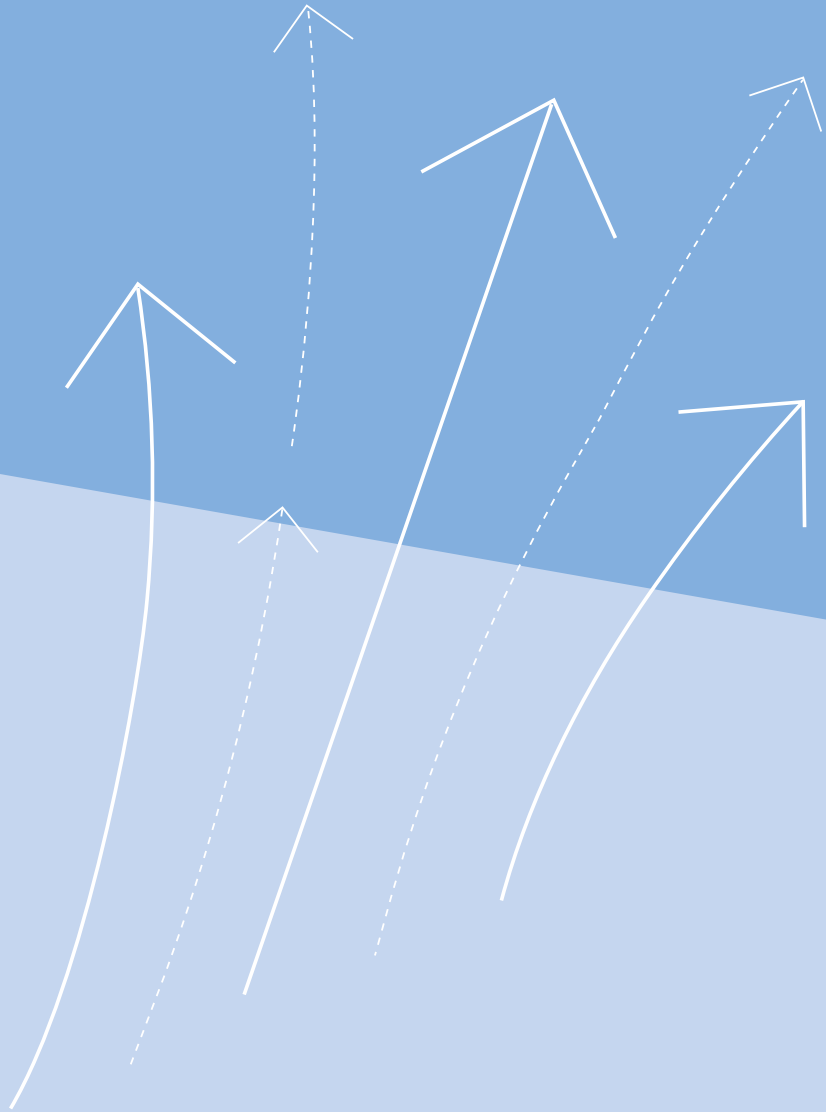


Portfolio climate alignment scores (2022)

50% CO₂ reduction: **15.3%**

100% CO₂ reduction: **25.5%**





FULFILLING AFFILIATE MEMBER REQUIREMENTS

Cambiaso Risso Group

Founding affiliate member as of March 2022



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?

// **Cambiaso Risso has included ESG in its new corporate strategy, set concrete targets to drive ESG development and defined KPI's for measuring its performance, this last in particular thanks to the Sustainability Report, at its second issue in 2023 and this year revised by Auditors. The green transition has to be supported by marine industry, not imposing restrictions to our clients but finding the best solutions and taking up this challenge as an occasion to demonstrate our capabilities: we do help our clients better manage environmental risks and support them to match climate goals.**

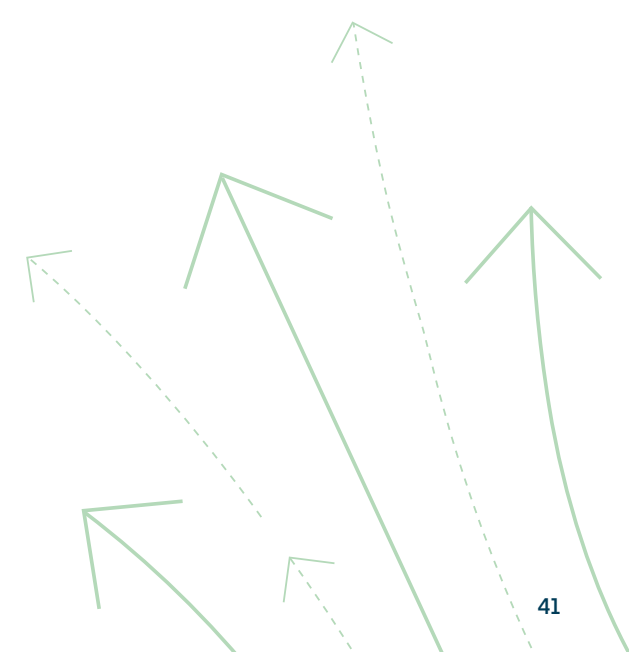
Mauro Iguera, Chief Executive Officer

What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

// From our side our best efforts are finalised to inform our community and stakeholders on Poseidon Principles for Marine Insurance activities and goals, and we support signatories and clients in accomplishing what is required. Communication to stakeholders is supported by our Sustainability Report, our website news, social and media activity and through Cambiaso Risso presence in main global climate agenda events. Our active ESG approach is also a source of engagement for our employees finalised to raise their awareness on current emergencies related to these topics, with a special attention to planet protection, social needs and governance issues.

What are the concrete outcomes from these actions?

Cambiaso Risso supports “Shaping the Future of Shipping: Delivering a Net Zero World” which convened leaders across the maritime and energy value chain with government representatives, regulators and policymakers for the flagship maritime event during COP28 in Dubai, a key milestone on the pathway to global decarbonisation, This event was built on the new revised strategy agreed by the United Nations shipping regulator and the discussions at COP28, to set a course for the industry. The Summit provides a platform for governments and leaders in energy, maritime, and all parts of the value chain, to accelerate the transition to a low and zero carbon emission economy, to deliver a sustainable and equitable future for all.



The Nordic Association of Marine Insurers (Cefor)

Founding affiliate member as of December 2021



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?



Following the revised IMO strategy to decarbonise shipping by 2050, Cefor remains supportive of the transparency offered by the Poseidon Principles for Marine Insurance to foster dialogue towards this goal. Cefor and our Nordic members are committed to contributing to a sustainable ocean industry, and the establishment of a common global baseline to quantify the climate alignment of the insurance portfolios is one key element in this regard.

Helle Hammer, Managing Director

What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

The support of the Poseidon Principles for Marine Insurance is expressed in a separate section on the Cefor website, in the Association's annual report and through various presentations. Cefor has raised awareness about the Poseidon Principles for Marine Insurance through meetings and presentations to other industry stakeholders and facilitated dialogue about the Principles between our members.

- March 2023: The Cefor Board of Directors agreed to create an arena for the sharing of best practice on both mandatory and voluntary sustainability initiatives such as the PPMI. The new Sustainability Forum held its inaugural meeting in June, and the three signatories among the Cefor members shared their experience from the practical reporting and invited potential new signatories to seek their guidance on the Principles.
- April 2023: Cefor published its Annual Report with a separate section on sustainability that also includes the Poseidon Principles for Marine Insurance and presented this to 200 invited guests from the Nordic marine insurance community and invited guests in the Cefor annual seminar in

Oslo. Using the Poseidon Principles for Marine Insurance formulas, the Annual Report also included an analysis of the Nordic Marine Insurance Statistics (NoMIS) portfolio's climate alignment against a 100% reduction target to gain valuable insight into the relationship between the calculated climate alignment by vessel type, vessel age and distance sailed.

- August 2023: Information about the Poseidon Principles for Marine Insurance was included in a lecture held by Helle Hammer to 35 students in the Cefor Academy one-year part-time education programme for professionals within the marine insurance industry.
- October 2023: The updated standard covenant clause was made available on our website.



What are the concrete outcomes from these actions?

Following our annual seminar in April, we received much positive feedback on how this had increased the participants' understanding of what the Poseidon Principles for Marine Insurance are all about. With a lot of misconceptions about double/'unnecessary' reporting requirements, there is a need to explain why, what, and how the Poseidon Principles for Marine Insurance will work. In our experience, this is best conveyed following a presentation or in a meeting with members/owners where questions can be openly addressed.

[Link to institutional report](#)

COSCO SHIPPING Captive

Affiliate member as of September 2022



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?



Cosco Shipping Captive is always proud to be an affiliate member. The company actively embraces the new development trend of green, low-carbon and intelligent shipping, hoping that more relevant stakeholders will know, understand and participate in reducing carbon emissions, and endeavoring to provide more support from the marine insurance perspective.

Zheng Xiaozhe, Chairman of the Board

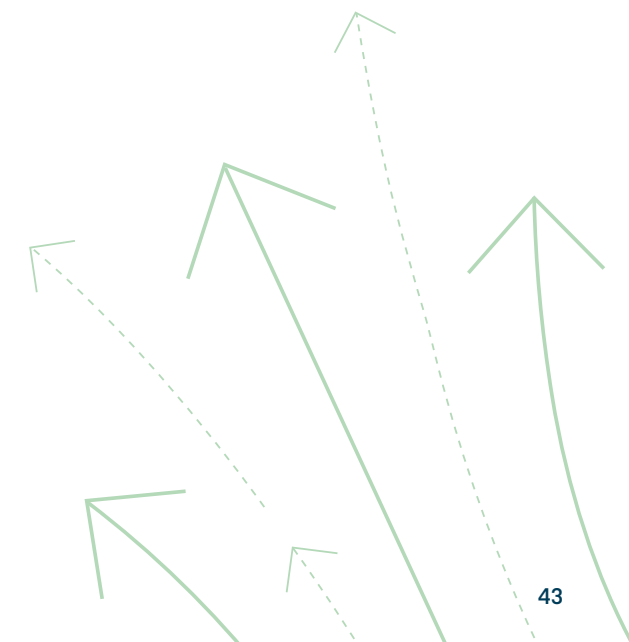
What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

COSCO Shipping Captive has widely publicised the Poseidon Principles for Marine Insurance and its concepts in China's shipping industry, marine insurance industry and within COSCO Shipping Group and achieved good results. On this basis, COSCO Shipping Captive discussed with enterprises within the Group on indicators such as CII, AER, etc., communicated deeply with each other on the Poseidon Principles for Marine Insurance methodology, and carried out calculations on voyage data of several typical vessel types, which laid a good foundation for the company to assess the climate alignment of its portfolio.

→ [Go back to member list](#)

What are the concrete outcomes from these actions?

Cosco Shipping Captive will continue to maintain in-depth communication with China's shipping industry and marine insurance industry, introducing and sharing the concept, principles and objectives of the Poseidon Principles for Marine Insurance. The Company will also keep in touch with the Poseidon Principles for Marine Insurance and discuss the climate alignment of its portfolio based on COSCO Shipping's emissions data.



CTX Special Risks

Affiliate member as of September 2022



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?



The Poseidon Principles for Marine Insurance remain an integral part of the business' profile and continue to have our full support. Myself, an Executive Director and Associate Director are all now involved in disseminating the Poseidon Principles for Marine Insurance goals to staff (including internal training sessions), clients and contacts. We interact with our ship owning clients to try to ensure that they understand that the Poseidon Principles for Marine Insurance is not a policing issue, but is directed ultimately towards helping them reach the decarbonisation targets set by international policy makers and why trying to slow global warming is such a vital concern.

Dominic Ng, Chief Executive Officer



What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

CTX joining the Poseidon Principles for Marine Insurance is headlined on the front page of the CTX website, and the Poseidon Principles for Marine Insurance logo is again displayed on the front cover of our latest P&I report, which is widely distributed. Our staff have continued to emphasise CTX's commitment to the Poseidon Principles for Marine Insurance, when appropriate, and we monitor this discourse through our meeting notes with clients, prospects and underwriters.

Upon publication of the Annual Disclosure Report for 2022, CTX produced a standalone newsletter that was e-mailed to our entire mailing list pointing out the relevance and importance of this report and providing a link that could be followed to download the report in full. Subsequently, CTX sent two representatives to the Poseidon Principles for Marine Insurance AGM in April, and provided a speaker for the morning session. CTX were also represented at the October event in Piraeus (and provided a summary on our LinkedIn page).

We continue to use the CTX LinkedIn page and Facebook page to distribute further information regarding the Poseidon Principles for Marine Insurance. As relatively new Affiliates, we have not yet sought out the specific information that the Signatories will request. However, this is on our agenda to learn and ensure all staff understand and discuss in meetings.

What are the concrete outcomes from these actions?

Still too early to report meaningfully, but decarbonisation of the shipping industry is certainly high on everyone's agenda.



Gallagher

Affiliate member as of September 2022



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?

// **Gallagher continues to support the Poseidon Principles for Marine Insurance initiative and the move to decarbonisation by ensuring our team and our stakeholders are kept informed and keep talking about the role we all have to play. Recently I joined the PPMI's 'Onboarding Committee' in the hope that I can help encourage others to sign up to become signatories or affiliates.**

Andrew James, Managing Director, Marine Hull & Liabilities

What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

We have joined conversations about the Science Based Targets initiative, about the way in which the IMO is broadening its requirements and about how the EU is looking to regulate.

We organised and hosted an internal meeting with AXA XL who presented their Excess Emissions product and gave the team an opportunity to discuss how it may work in practice.

We have raised the Sea Cargo Charter with our Cargo Team, so that they can introduce the topic to their clients.

What are the concrete outcomes from these actions?

During our annual 'Town Hall' our whole team was reminded that Gallagher is an affiliate member and that our role is to help support underwriters and clients to understand the Poseidon Principles for Marine Insurance ambitions. We are rolling out a process whereby all new commercial clients will be made aware of Gallagher's commitment to the Poseidon Principles for Marine Insurance.

Hydor AS

Founding affiliate member as of December 2021



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?



As a proud Member of the Poseidon Principles for Marine Insurance, we have started to see that the Poseidon Principles for Marine Insurance have gotten more traction in our industry and although our role as an Affiliante Member is limited to being a facilitator and providing guidance, we see more and more interested from our market. We will continue to strongly advocate for the Poseidon Principles for Marine Insurance and continue our commitment to drive change and get to zero emissions.

Folkert Strengholt, Chief Executive Officer

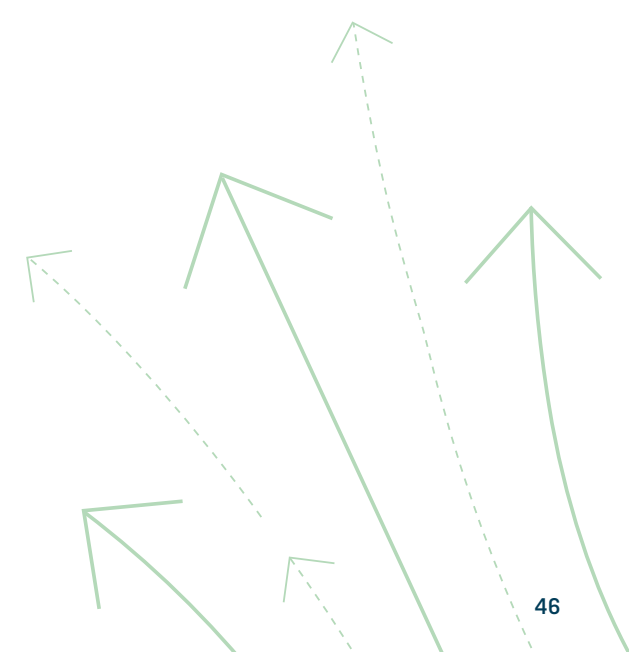


What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

EF Marine was acquired by Hydor in August 2023 and we now have a team of 32 who can support this and be an ambassador. As for Hydor, this is relatively new, so we have started to first explain the rationale behind being an affiliate member and the feedback we get is positive. For 2023, we have not been able to engage at the level we intended, as we have been a bit more internally focused due to the sale of EF Marine to Hydor. This has changed again as most of the integration is done now.

What are the concrete outcomes from these actions?

Not much changed compared to last year. We have received positive feedback from the people we speak to, who see this as a positive move for Hydor. It remains difficult to calculate the quantitative outcome as an affiliate member.



Lochain Patrick Insurance Brokers Limited

Affiliate member as of September 2022



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?



As the Managing Director of Lochain Patrick Insurance Brokers, I am proud to reaffirm our unwavering commitment to the Poseidon Principles for Marine Insurance. Our dedication to these principles is not just a corporate responsibility but a reflection of our core values in promoting sustainable and responsible marine insurance practices. We recognise the critical role we play in the global effort to combat climate change, and we remain steadfast in our commitment to align our operations and strategies with the goals of the Poseidon Principles.

Andrew Hills, Managing Director



What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

Lochain Patrick has implemented a robust ESG strategy, integrating climate risk assessment into our underwriting process.

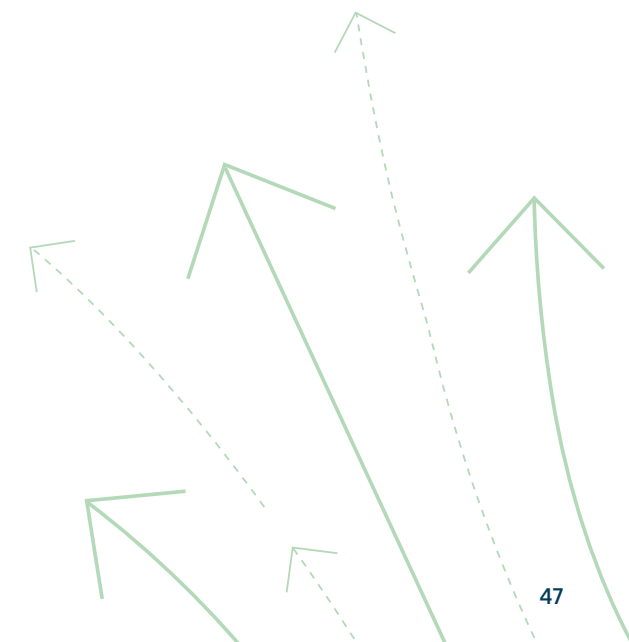
- We have organized quarterly workshops for our staff to ensure they are well-versed in the Poseidon Principles and their application in our daily operations.
- Our team has actively engaged with clients to promote a shared understanding of the Poseidon Principles, providing guidance on how to align their operations with these standards.
- We have revised our policy wordings to include clauses that reinforce the importance of the Poseidon Principles in our insurance contracts.
- Participation in industry forums focused on sustainability in marine insurance, sharing our insights and learning from global best practices.

→ [Go back to member list](#)

What are the concrete outcomes from these actions?

We have observed a 25% increase in portfolio alignment with the Poseidon Principles compared to the previous year.

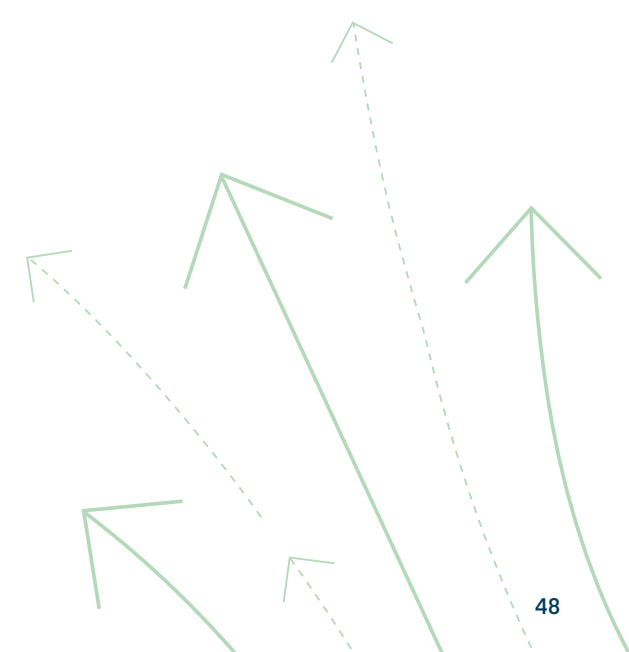
- Client feedback has been overwhelmingly positive, with a noted appreciation for our efforts to promote sustainable practices in marine insurance.
- Our internal ESG scores have improved, reflecting better alignment with environmental sustainability goals.



Lockton

Affiliate member as of April 2022

Unable to report



WTW

Founding affiliate member as of December 2021



How your organisation expressed its continued support to the Poseidon Principles for Marine Insurance (from the chief executive or equivalent)?



WTW is proud to be a founding affiliate member of the Poseidon Principles for Marine Insurance. There are huge challenges for the maritime industry in its carbon transition, but we are strongly committed to support this work. We similarly expect that the broader marine insurance community will see the value in the work being undertaken in this area. As affiliate members, we can positively influence change, to the benefit of the shipping industry. We encourage all relevant participants in the marine insurance sector to join this initiative.

Ben Abraham, Global Head of Marine

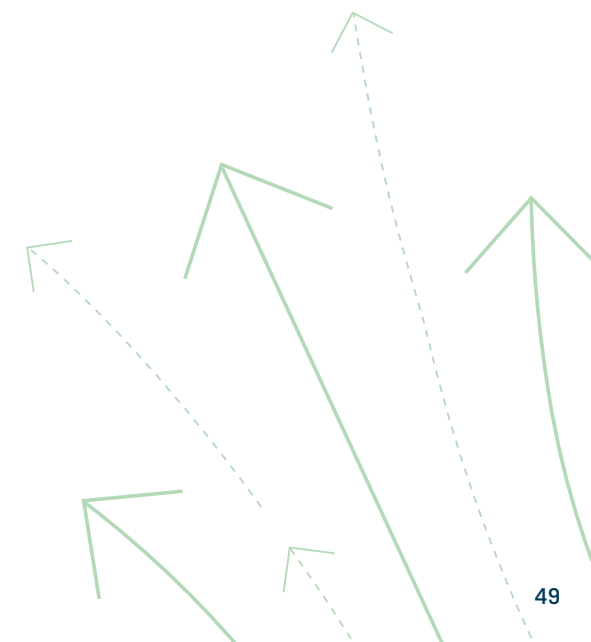


What are the practical actions your organization has undertaken to support the Poseidon Principles for Marine Insurance and its signatories?

As an affiliate member, we actively support our clients with the understanding of how the Poseidon Principles for Marine Insurance potentially impacts their business and expand their understanding of the value of this transparency initiative. We continue to leverage the WTW global marine team (of over 600 marine professionals) to encourage engagement across the industry and emphasise the importance of this initiative. In addition, we have participated in panel discussions, supported the Global Maritime Forum initiatives around the PPMI and actively worked towards greater industry participation.

What are the concrete outcomes from these actions?

Ship owners and insurers have a better understanding of the scope and potential benefit of the principles, by outlying the value of the transparency and dispelling misinformation and data usage concerns.



Key terms

AER stand for Annual Efficiency Ratio, a carbon intensity metric calculated in accordance with the Technical Guidance.

Affiliate members are stakeholders which support and contribute to the insurance ecosystem, but whose current business activities fall out of the reporting scope. Affiliate membership is open to organizations including insurance brokers and collective groups (such as insurance associations, captives, unions and P&I Clubs).

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 for Marine Insurance use the AER metric for this calculation.

Claims leader (or just “leader”) is the insurance company which has a leader position and leads in claims decisions.

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, or a 100% CO₂ reduction target to support the Paris Agreement.

Decarbonisation trajectories are produced by the Secretariat based on agreed and clearly stated assumption. They are a representation of the CO₂ amount a single ship can emit over a given time horizon.

Claims follower (or just “follower”) is the insurance company which has a follower position and follows the decisions of the claims leader.

GHG stands for Greenhouse Gas.

Hull & Machinery (H&M) insurance covers against damage to ship hull and machinery.

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 GHG 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 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 catalysed by public/private actions.

MEPC stands for IMO's Marine Environment Protection Committee

Policy for H&M coverage, refers to one unit of a marine insurance product transaction or deal that covers physical damage to vessels.

Signatory is a marine insurer with H&M policies. that has sent a formal declaration to the Secretariat, has had that declaration accepted and has had that declaration announced.

Tank-to-wake emissions are from fuel combustion on board a vessel, or "operational emissions".

Technical Guidance is the fundamental document of the Poseidon Principles for Marine Insurance describing the Principles and the methodology, accessible on the Poseidon Principles for Marine Insurance website.

Well-to-tank emissions are from upstream activities including extraction, cultivation, production, processing, storage, transport, bunkering of fuels.

Well-to-wake emissions are a combination of tank-to-wake and well-to-tank. This accounts for both the emissions from upstream activities and operation of a vessel, or the "full lifecycle".

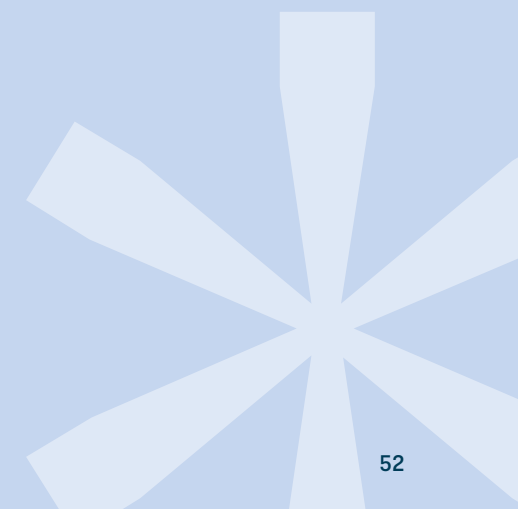
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Acknowledgements

The 2023 Annual Disclosure Report was developed by the Secretariat, the advisories, and the supporting partner to the Poseidon Principles for Marine Insurance. Special thanks to all the signatories, affiliate members, and the Steering Committee who, through a continuous review process of the methodology, ensure that Poseidon Principles for Marine Insurance remain industry specific and ambitious.

The Poseidon Principles for Marine Insurance is one of three initiatives based on the same four principles and developed with the Global Maritime Forum. Together with the Poseidon Principles for Financial Institutions and the Sea Cargo Charter, they share a common objective: fostering transparency on emissions reporting with the aim of contributing to reducing carbon emissions.

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Disclaimer

The Poseidon Principles for Marine Insurance are a global framework for assessing and disclosing the climate alignment of insurers' hull and machinery portfolios. The Poseidon Principles for Marine Insurance and its members are committed to complying with all applicable laws, rules and regulations. These include, among others, antitrust and other laws, rules and regulations, which may impose restrictions on the information that may be exchanged as well as on the types of collaborative engagement that may be carried out between the Poseidon Principles for Marine Insurance members. Accordingly, the Poseidon Principles for Marine Insurance does not and will not recommend nor instruct its members to:

1. adopt specific measures to assess and achieve the targets pertaining to the climate alignment of insurers' hull and machinery portfolios;
2. discuss or reach agreement(s) on individual measures pertaining to the climate alignment of insurers' hull and machinery portfolios;
3. exchange any competitively-sensitive information relating to their respective businesses with other Poseidon Principles for Marine Insurance members.

For the avoidance of doubt, Poseidon Principles for Marine Insurance members are under no obligation to continue their relationship with the Poseidon Principles for Marine Insurance and, while this document may propose general measures and best practices on how to assess and disclose climate alignment of insurers' hull and machinery portfolios, Poseidon Principles for Marine Insurance members shall, at all times, each remain free to determine and implement their respective strategies independently and unilaterally.

The Poseidon Principles for Marine Insurance does not and will not establish any strict requirement directly or indirectly related to Poseidon Principles for Marine Insurance members' underwriting criteria. This is without prejudice to the individual Poseidon Principles for Marine Insurance members' freedom to establish unilaterally their own underwriting criteria, including exclusionary criteria, in a manner aligned with their own climate alignment of hull and machinery portfolios. Similarly individual members are and will be free to set their climate alignment measures as part of their membership to the Poseidon Principles for Marine Insurance independently, unilaterally and based on their own unique circumstances.

Moreover, the Poseidon Principles for Marine Insurance and its members do not accept any responsibility for the accuracy or comprehensiveness of the information given or forward-looking statements made. The information provided and forward-looking statements made are for informational purposes only and in no way constitute or should be taken to reflect the Poseidon Principles for Marine Insurance and its members' position, in particular in relation to any ongoing or future dispute.



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