Responsible environmental stewardship

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In the race to decarbonise the maritime industry – which science and society are demanding as more and more urgent – all maritime stakeholders must play their part. We have established the Poseidon Principles for Marine Insurance in recognition of the role marine insurance, as a vital part of the maritime ecosystem, has to play in incentivising environmentally responsible behaviour. Today, we are preparing the foundation for data sharing and collaboration with our clients that will help us build a more sustainable future for all.

The Poseidon Principles for Marine Insurance are a global framework for measuring and reporting the alignment of insurers' hull and machinery portfolios with climate targets. **The framework is built on four principles**: assessment of climate alignment, accountability, enforcement, and transparency (shared with the sister organisation Poseidon Principles for Financial Institutions and the Sea Cargo Charter). Established under the auspices of the Global Maritime Forum, the three initiatives aim to increase the transparency of environmental impacts within global seaborne trade, promote industry-wide change, and support a better future for the industry and society.

In practice, the Principles are first and foremost a framework for emissions data collection and transparency. They give insurers the tools to obtain real and granular data about their insured emissions and to track them year over year, allowing them to make evidence-based strategic decisions and work together with their clients to meet decarbonisation targets.

Our journey to draft the Poseidon Principles for Marine Insurance started in 2020. The Principles were launched in December 2021 with six leading insurers as Signatories and three Affiliate members. They entered into force in April this year – when they reached nine Signatories and five Affiliates. With the number of Signatories surpassing the threshold of eight, the commitment to measure and report the climate alignment of our hull and machinery portfolios has become binding. In addition, the International Union of Marine Insurance acts as the Principles' Supporting Partner.

It has been exciting to see our ranks grow so quickly, and it is inspiring to look back at the learning curve we have climbed in our own organisations and collectively within marine insurance. I believe the reason we have been successful in doing so is that the time is right for collaborative solutions to the climate crisis. The demand and will from all parts of industry and society to accelerate action to address the climate crisis will only increase.

Through data to decarbonisation

A key opportunity that Signatories to the Poseidon Principles can take advantage of is access to data. With accurate and granular data about their insured emissions, Signatories can establish key performance indicators, measure their progress over time, and work with clients in finding ways to make environmentally responsible decisions that also make business sense. This allows us to be a leading player in shipping's journey towards decarbonisation.

Another advantage the data offers Signatories to the Poseidon Principles for Marine Insurance is proving their commitments to sustainability. Signatories commit not only to measure but also publicly disclose the climate alignment of their hull and machinery portfolios. This creates transparency that keeps us accountable to our targets. It also signals to the maritime industry that shipping decarbonisation is our priority.

The Poseidon Principles for Marine Insurance are fortunate to be able to build on the efforts of the Poseidon Principles for Financial Institutions, established in 2019. Like our sister initiative, we base our data on the International Maritime Organization's (IMO) Data Collection System, which requires ships of 5,000 gross tonnage or above to gather and report data to the IMO. This means that the Poseidon Principles do not generate an additional data collection burden on our clients.

Both Poseidon Principles for banks and insurers have chosen to benchmark the carbon intensity of their ship finance or hull and machinery insurance portfolios against the IMO's ambition to reduce total greenhouse gas emissions (GHG-E) from international shipping by at least 50% by 2050. As a step towards alignment with the Paris Agreement, the Poseidon Principles

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for Marine Insurance have decided to adopt a second benchmark: a 100% emission reduction by mid-century.

A broader movement

Due to the complexity of the maritime insurance space, the Principles allow for different types of participation in the framework. Insurance companies with hull and machinery portfolios can join as Signatories. The carbon intensity of these portfolios is benchmarked against the IMO's target of reducing shipping GHG-E by at least 50% by 2050. Other key insurance stakeholders, such as brokers or protection and indemnity insurance clubs, can commit to supporting the Principles and join as Affiliate members. By doing so, they can fulfil their commitment, e.g., by sharing knowledge about the Principles among their clients and facilitating smooth data collection.

One of the aims of the Poseidon Principles for Marine Insurance is to bring the insurance industry together around a shared challenge and a common purpose. As Signatories and Affiliate members, we can share best practices and learn from each other. We are able to point to our fellow members and say that this is not the mission of a single company but a broader movement in our industry that will only grow.

Our doors remain open – all leading players in the marine insurance ecosystem are invited to join us. We continue in our onboarding efforts and aim to reach 15 Signatories before this year is out. In these efforts, we will also focus on expanding our coverage geographically. The Poseidon Principles for Marine Insurance are a global initiative; therefore, it is essential that our membership reflects our international outlook.

As a newly established association, much of our attention in the coming months will be devoted to finalising some of the association's administrative aspects, along with sharing knowledge on what the Principles mean among our clients and prospective new members. We are currently initiating our first data collection process that will allow us to disclose our insured emissions this coming December.

We look forward to collaborating with our clients and business partners to ensure a smooth data collection process and, subsequently, analysing the data and gaining insights that we have not had access to in the past.

In step with the demands

Looking even further ahead, the Poseidon Principles for Marine Insurance will ensure that the Principles remain consistent with any relevant IMO policy updates and with the latest climate science. The trajectories will be reviewed and improved regularly to maintain the initiative's robust nature and remain in step with the demands of our society.

In addition, although climate alignment is currently the only environmental factor included in our framework, it is within the power of Signatories to expand the remit of the Poseidon Principles for Marine Insurance. I look toward the future of this initiative with excitement.

Our real work is just beginning. However, I'm excited and motivated by the energy shown by all Signatories and Affiliate members at our recent founding meeting, which took place on 27 April 2022. I am honoured to have been elected as the Chair of the Poseidon Principles for Marine Insurance – and I look forward to working with fellow members to make this initiative a success! ■

POSEIDON PRINCIPLES FOR MARINE INSURANCE

The Poseidon Principles for Marine Insurance are a framework for measuring and reporting the alignment of insurers' shipping portfolios with climate goals. Recognising insurers' role in promoting responsible environmental stewardship throughout the maritime value chain, the framework provides them with tools to foster collaboration with clients, gain insight to enhance strategic decision-making, and address the impacts of climate change. Visit **www.poseidonprinciples.org/insurance** for more information.