

# Summary of changes to the Technical Guidance

*This document highlights changes and clarifications that have been made to the Technical Guidance. Minor changes (e.g., spelling errors) are not listed.*

Latest version: **Version 2.0, August 2024**

## Version 1.1 to 2.0, and addition of Appendix 6 on modelled data

*Changes from version 1.1 (May 2023) to version 2.0 (August 2024)*

*Addition of Appendix 6 including details of use of modelled data (October 2024)*

- **UPDATING DECARBONISATION TRAJECTORIES (50% CO<sub>2</sub> reduction - IMO INITIAL GHG STRATEGY – 2018 and 100% CO<sub>2</sub> reduction) TO ALIGN WITH THE REVISED 2023 IMO GHG STRATEGY**

To reflect the necessary changes, references to the IMO Initial GHG Strategy are replaced as relevant with references to the 2023 IMO GHG strategy, in particular, below are listed the changes:

### Definitions

- The preamble and introduction were revised as appropriate to reflect the 2023 IMO GHG strategy.
- “Carbon intensity” is replaced by “emissions intensity” as relevant (when not referring to the 2018 IMO GHG Strategy)
- CO<sub>2</sub> is replaced by CO<sub>2</sub>e (unless CO<sub>2</sub> is referenced exclusively)
- Update of “climate alignment” and “decarbonisation trajectory” definitions; “carbon intensity” definition is replaced by “emissions intensity”, addition of “LCA”, “tank-to-wake emissions” “well-to-wake emissions”, “well-to-tank emissions” in Appendix 1.
- Change in the wording used when referring to the ‘Initial IMO GHG Strategy’ to the ‘2018 IMO GHG Strategy’ for enhances clarity on which IMO strategy is being referred to.
- In Appendix 2 “Selecting a carbon intensity metric” a paragraph has been added stating that “Both the EEOI and AER have not been updated yet to be aligned with the 2023 IMO GHG Strategy since they are still based on operational CO<sub>2</sub> emissions only.” and that “The advisory will be assessing the developments at the IMO and considering the implications on the Poseidon Principles for Marine Insurance.”
- Appendix 4 “Definition of the decarbonisation trajectory and continuous baselines” has been reviewed (see details below).

### Implications – new trajectories including the move to well-to-wake emissions intensity

- Revised Poseidon Principles for Marine Insurance trajectories “2023 IMO GHG Strategy - ‘minimum’” and “2023 IMO GHG Strategy - ‘striving’” are described on page 22 and replace the previous 50% CO<sub>2</sub> reduction (IMO Initial GHG Strategy – 2018) and 100% CO<sub>2</sub> reduction).
- Emission boundary now includes the impact of non-CO<sub>2</sub> GHG species namely methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).
- Emissions intensity now has to represent the total GHG emissions (well-to-wake) to satisfy a supply of transport work (grams of well-to-wake CO<sub>2</sub>e per tonne-nautical mile [gCO<sub>2</sub>e/tnm]), meaning considering a full lifecycle approach.
- Section 2 “Assessment” was amended with revised emission reduction target and indicative checkpoints including an explanation of the shift to well-to-wake: Figure 1 featuring a visual representation of the differences between tank-to-wake, well-to-tank, and well-to-wake emissions and a text box with definitions has been added for clarification.



- Figures 2, 3 were revised to reflect the global fleet's CO<sub>2e</sub> emission trajectories under different decarbonisation targets linked to the 2023 IMO GHG Strategy and projections of business as usual.
- [Appendix 4](#)
  - Table 6 was amended to reflect the emissions budget translation from the Third IMO GHG Study to the 2023 IMO GHG Strategy 'minimum' and 'striving' numbers. Figure 17 was amended to reflect updated decarbonisation trajectory with updated values from Table 6. Figure 18 was also updated.
  - Features a new formula to calculate required emissions intensity, using tables 7 & 8 with coefficients for determination of required emissions intensity for vessel types under the 2023 IMO GHG Strategy - 'minimum' and 'striving' trajectories.
  - An example on how to calculate emissions intensity is also provided.
  - The baseline was changed from 2012 to 2018 together with a justification for considering emission intensity estimates from 2018. References were made to the IMO Revised Strategy.

#### Implications – **well-to-wake emission factors for calculating climate alignment**

- Equation 2 has been added to incorporate well-to-wake emission factors represented by  $C_{e_i}$  to replace the carbon factors used to calculate  $C_i$  in Equation 1.
- Update on emission factors is mentioned pages 26/27, including update of the climate alignment definition to include well-to-wake approach as well as the decarbonisation trajectory one and update of Figure 4.
- Section 2.2. "Calculating vessel emissions intensity" was updated to explain that the Poseidon Principles for Marine Insurance provides a set of default emissions factors to calculate well-to-wake emissions and refers to Appendix 4.
- Example "Calculating alignment at the vessel and portfolio level" has been reviewed to reflect reporting against the new trajectories (Tables 1 & 2).
- In Table 3, the example "meeting disclosure requirements" has been updated to reflect the revised Signatory Reporting Template.
- [Appendix 4](#)
  - Gives more details on the rationale behind this set of default emission factors as an interim solution to fill the gap between the adoption of the 2023 IMO GHG Strategy and the publication of the IMO's lifecycle assessment (LCA) guidelines. Once the IMO LCA guidelines are published (MEPC.376(80)), the Poseidon Principles for Marine Insurance will evaluate them with the view of including them.
  - Sections on pages 72-74 present the emission factors to be used under one of two scenarios
    - ❖ Signatories only have basic DCS data, they are to use the default values.
    - ❖ Or if signatories have more granular data about fuels used and machinery on board (specifically for LNG vessels), more specific emission factors presented in the Appendix should be used).
  - Guidance is given on which emission factors should be used depending on above scenario with Table 9 "Default well-to-wake emission factors" (when using IMO DCS based data) and Table 10 "Granular well-to-wake emission factors" (if signatories have more granular data about fuels used and machinery on board). Table 11 "Indicative LNG propulsion types for emission factor choice" can be used if Table 10 information is not enough to determine the engine type and Table 11 may be used to indicate the appropriate emission factor in Table 10 (to be used in reporting for those signatories that cannot identify the vessel engine type).
  - A note mentions "As this is an evolving topic, the Poseidon Principles for Marine Insurance will keep evaluating the changing landscape of fuel lifecycle assessment and update the Technical Guidance accordingly."
- **MOVE TO CONTINUOUS BASELINES**
  - The guidance was updated to reflect the move from stepped to continuous baselines



- Appendix 4 “Definition of decarbonisation trajectory” was amended accordingly to read “Definition of the decarbonisation trajectory and continuous baselines” and changed significantly to reflect this update
- Figure 19 featuring existing and proposed required emissions intensity baseline for bulk carriers for 2023 IMO GHG Strategy - ‘minimum’ is added,
- **INCORPORATION OF USE OF MODELLED DATA - IMPLICATIONS**
  - Appendix 6 has been created to explain changes to the reporting methodology used by signatories for the 2024 Annual Disclosure Report, which are not currently written in the rest of Technical Guidance version 2.0.
  - Reporting timeline is adjusted with data submission by January 31 (instead of December 9 for signatories and November 30 for affiliate members) and report publication by March 31 (instead of by January 31).
  - Reporting scope is expanded to include all vessels within the IMO DCS scope of a signatory’s entire H&M portfolio and is no longer limited to those vessels where the leading insurer is a Poseidon Principles for Marine Insurance signatory.
  - The use of the Standard Covenant Clause has been made an optional part of the Enforcement Principle.
  - Introduction of a new Modelled Data Pathways Track: the Modelled Data Pathways Track is a third, optional information flow track to use alongside or in place of the existing two information flow tracks.
- **OTHER EDITORIAL CHANGES:**
  - Update of the Foreword
  - Clarifications in Principles wording
  - Spell “signatories” with a lower case “s” and “Affiliate members” with a lower case “a”
  - Alignment of figures format
  - Remaining switch from American English to British English
  - Update of logo and font

## Version 1.0 to 1.1

*Changes from version 1.0 (November 2021) to version 1.1 (May 2023)*

- **NAMES OF CURRENT REDUCTION TRAJECTORIES**

To be aligned with the Annual Disclosure Report and avoid confusions with alignment with the Paris Agreement on climate (as the current 100% reduction trajectory is not by definition aligned with a 1.5-degree global temperature stabilisation goal, partly because it does not include all greenhouse gas emissions such as methane and does not account for upstream emissions), it is proposed to change the names of the “50% reduction trajectory” and “100% reduction trajectory” to respectively “50% CO2 reduction” and “100% CO2 reduction” trajectories where relevant.
- **REPORTING TIMELINE**

The data submission timeline has changed from Nov. 30 to Dec. 9 for all Signatories. In addition, on November 30, Claims leader Signatories are expected to share data with followers Signatories to enable those followers to proceed to calculations. Eventually, the publication date of the Annual Disclosure Report by the Secretariat has changed from by December 31 to by January 31 of the following year.
- **REPORTING PROCESS ALIGNMENT**

Changes to reflect on the process of the first reporting exercise, with updated worked examples reflecting the Signatory Reporting template and the graph showing climate alignment scores in the Annual Disclosure Report.

**The Poseidon Principles Association**

Amaliegade 33B, 3<sup>rd</sup> floor  
1256 Copenhagen K  
Denmark

+45 3840 1800  
[info@poseidonprinciples.org](mailto:info@poseidonprinciples.org)  
[www.poseidonprinciples.org/finance/](http://www.poseidonprinciples.org/finance/)



- **CLAIMS LEADER**

Precisions related to claims leaders on data sharing and allowed vs. preferred pathway.

- **STATEMENT OF COMPLIANCE REQUIREMENT**

amendment making the requirement to collect the DCS Statement of Compliance (SoC) on a voluntary basis. Signatories are encouraged but not required to collect the SoC or Verification Letter.