



Adopt "PP" or Encounter Survival Business Risk



By Anastasios Maraslis

*President/Director
of Marasco Marine Ltd*

The term 'Green Finance', came to my attention about two years ago, that caught me by surprise. At the time, I couldn't realise, what it was all about exactly, what was behind of it, what was aiming at.

Today, after some research on the jargon, I can understand that 'Green Finance' is interlinked with the Poseidon Principles (PP) adopted by the banks, and the insurance companies, to reflect the environmental impact which will be measurable as of this year through the CII requirements (Carbon Intensity Indicator) and will apply to all shipping companies. Managing risks is part of MARASCO's every day role in Marine Insurance business.

Shipping community is again called to confront new challenges. Shipping is a capital intensive business and 'Green Finance' could critically affect borrowers banking eligibility and their insurability. In short, capital markets, leasing companies and banks will seriously

consider the 'green rate' an applicant shipping company has been given, according to its 'green footprint' and to its CII rating, as per Poseidon Principles for Banks.

PP reporting as a tool, to evaluate corporations and determine future financial performance is a possible scenario, from what we can deduce. Borrowing companies with poor decarbonization rate might encounter difficulties in the near future to access debt finance, or funding from financial institutions and consequently, might have troubles to expand, renew their fleet and eventually, as banking and insurance go hand in hand, might face some unpleasant reactions in terms and premium rates from Hull and P&I underwriters, who have adopted the Poseidon principles for Marine Insurance.

Charterers, are also getting aligned to the same direction and adopt the Sea Cargo Charter for reporting environmental pollutants.

A new mindset in shipping industry is gaining slowly but surely momentum.

Both, Greek and Cypriot shipping communities, have to acknowledge the coming changes, new regulations, new technologies and new challenges, if one wanted to be still competitive, not left behind, or still, to survive. PP, part of Corporate Sustainability, is not just a new trend but a necessity to comply with for any company to remain antagonistic.

It could be a key element to get access to better finance, to get charterers and insurers preference – expressed in better hire and better premium – or possibly, their approval. Shipowners / Ship managers with poor green

footprint rate might be viewed as substandard companies by Charterers, Banks, Insurance companies and P&I Clubs.

PP mainly is used by a company for measuring the sustainability and ethical impact of an investment on a business, according to Market Business News (MBN).

The market accelerates in favor of those companies who adopt Sustainability and ESG, grapple with decarbonization of shipping early, however on the other hand, all those who cannot adopt themselves to the new, will eventually get set aside and will be extinct, as we have witnessed several times in the past.

Big players and companies listed in NYSE already are in alignment with the new tendencies of the market, they follow through, but the small, medium size owner / ship manager, will possibly encounter difficulties in their efforts to adjust in many areas, including human resourcing.

Sustainability, ESG (Environmental Risk, Social Risk and Governance Risk) and PP as everything else have their effects and side effects to shipowners and ship managers.

The clock is ticking and we should be proactive, be open to new co operations and face challenges and threats through strategic alliances which would add value to our companies and ourselves.

Marasco Marine is in contact with almost all major institutions for offering its timely assistance to its esteemed clientele, providing them proactively the right information, as decisions have to be made and better decisions are made when the right information is provided, at the right time.