

Sustainable Finance in Shipping

17TH WORLD OCEAN FORUM 2023

October 2023

Mark Teng

Crédit Agricole CIB - Shipping & Offshore Finance

40 years of successful presence in shipping finance

One of the 5 leading shipping banks worldwide

Providing to our clients a comprehensive range of financing and capital raising products



A global market coverage, with 7 regional ship-finance platforms & a global team of 65 experts



A close relationship with circa 200 shipping companies

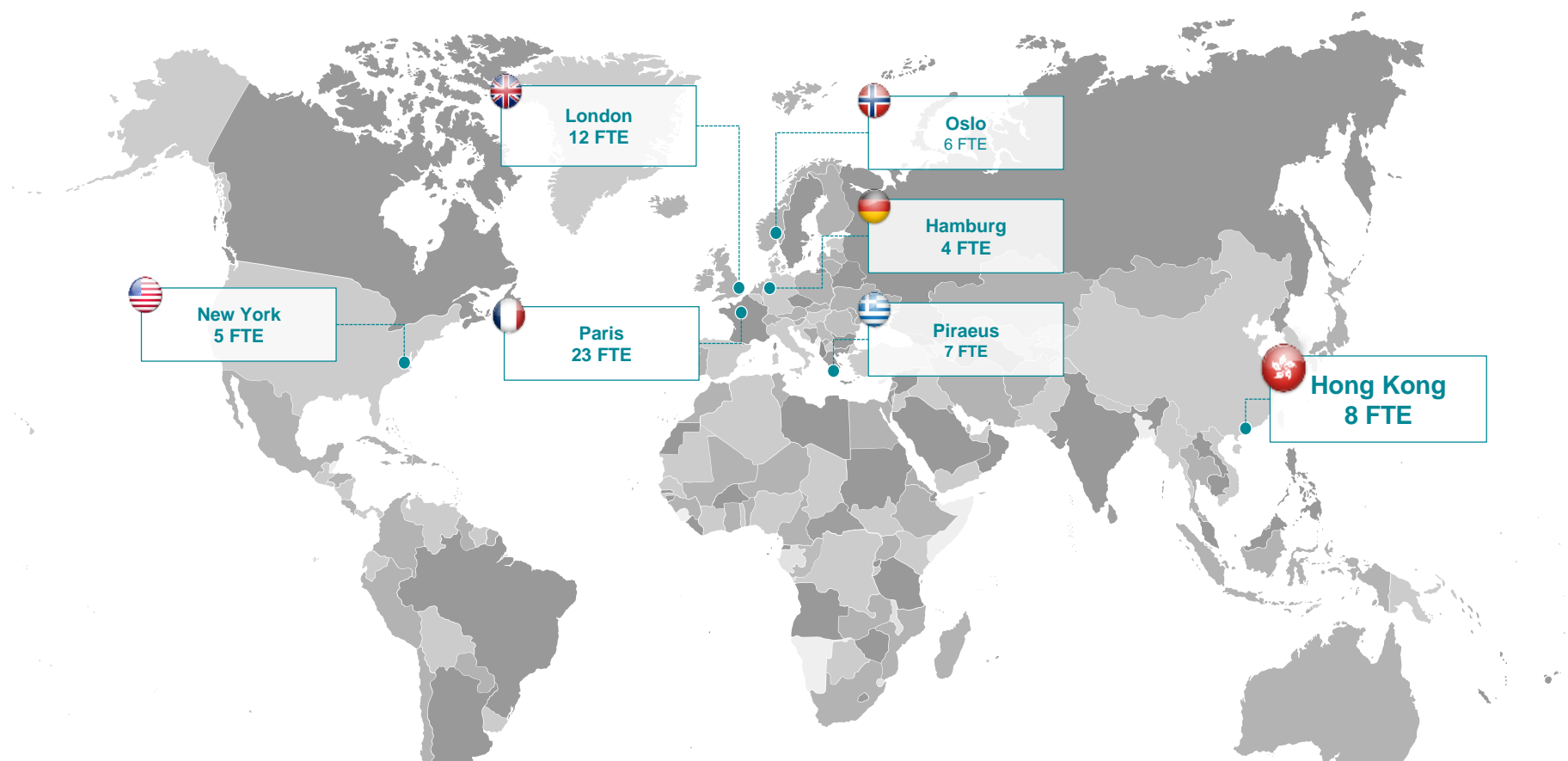
Financing a young and diversified fleet of circa 1,400 ships



Year in, year out originating and distributing \$4-6Bn of ship financing

A \$13 billion portfolio

Crédit Agricole CIB - Dedicated Global Network



For an optimal coverage of the main shipping clusters:

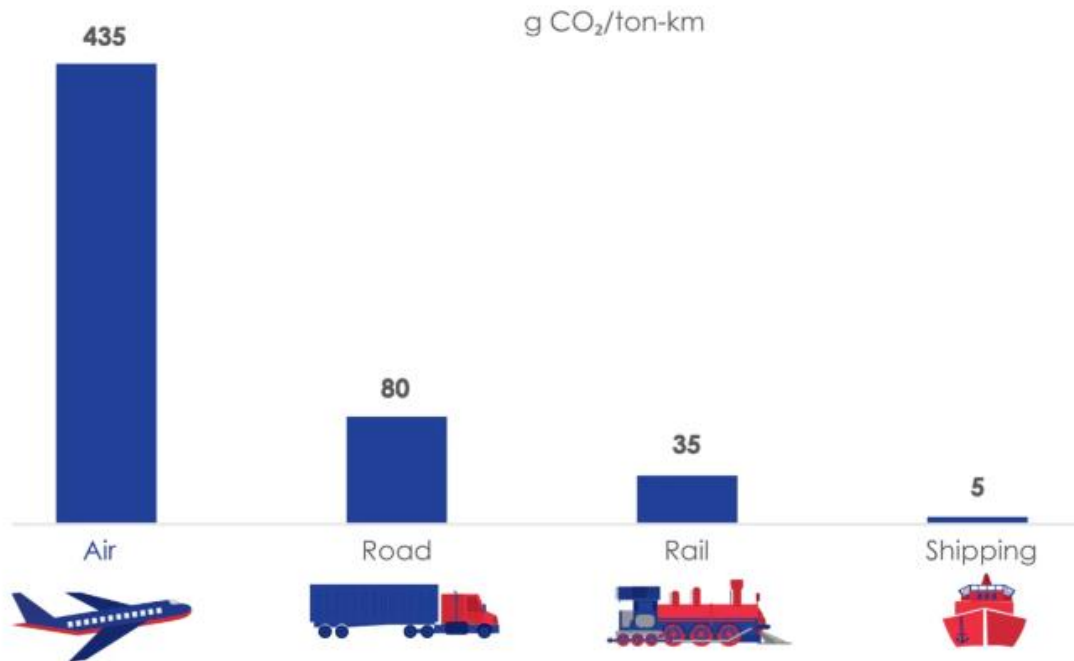
7 platforms dedicated to a geographic coverage of the ship owners and 2 leasing platforms

65 dedicated coverage, origination and structuring shipping experts

Sustainability in Shipping Industry

- Shipping is the world's most carbon efficient form of transporting goods.

Emissions by Mode of Transport



Source: Marine Digital, Green-tech in Shipping Industry

Green Regulation – IMO Targets in a Nutshell

Under such IMO strategy and using 2008 as baseline the industry should:

1 – IMO Absolute Target

Reduce the total annual GHG emissions by: 20% @2030, 70% @2040, close to net-zero @2050

- *focuses on reduction of total emission volume*

2 – IMO Intensity Targets

Reduce CO2 emissions per transport work (carbon intensity) by at least 40% by 2030

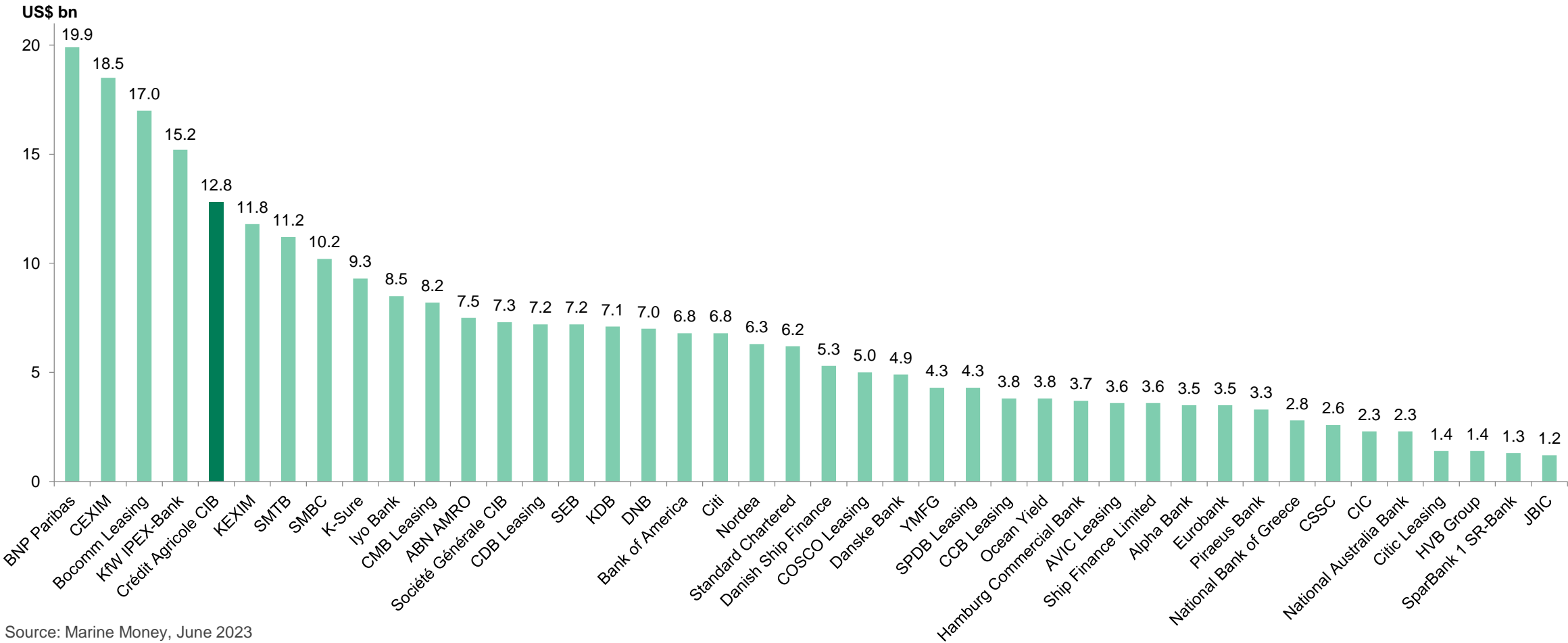
Uptake of zero / near-zero GHG emission technologies to represent at least 5% of the fleet by 2030

- *focuses on improvement of vessels' efficiency*

Financial Landscape Overview

Crédit Agricole CIB : a leading shipping banks worldwide... in a market going through profound change

With a \$12.8bn portfolio at the end of 2022, Crédit Agricole CIB was **ranked 5th worldwide**, by the size of its shipping loans portfolio, among the banks active in ship finance, but is ranked **2nd among pure shipping commercial banks** in terms of arranging skills and lending capacity.



Source: Marine Money, June 2023

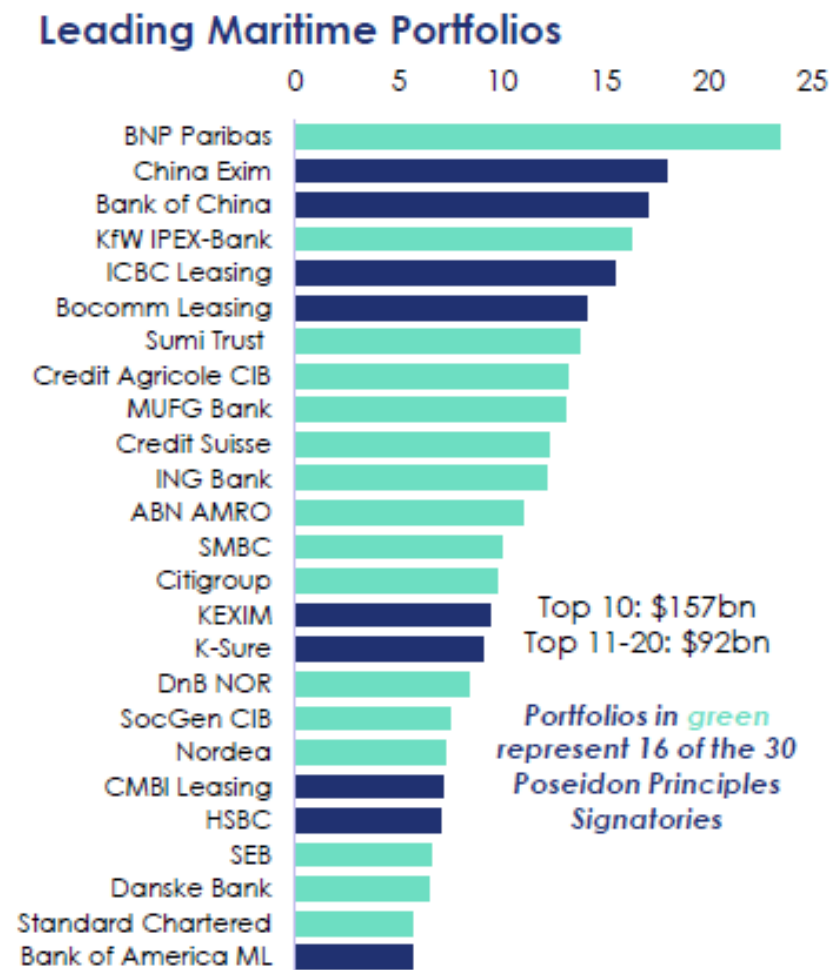
Poseidon Principles Signatories & Net Zero Banking Alliance

- Most specialized shipping banks representing a significant majority of shipfinance capacity are committed to global decarbonization initiatives.

Poseidon Principles Signatories (30 banks – US\$200 bln in shipping finance)	Net Zero Banking Alliance (134 banks – US\$74 trn of total assets)
<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>

Remark: Please note that the above lists are non-exhaustive.

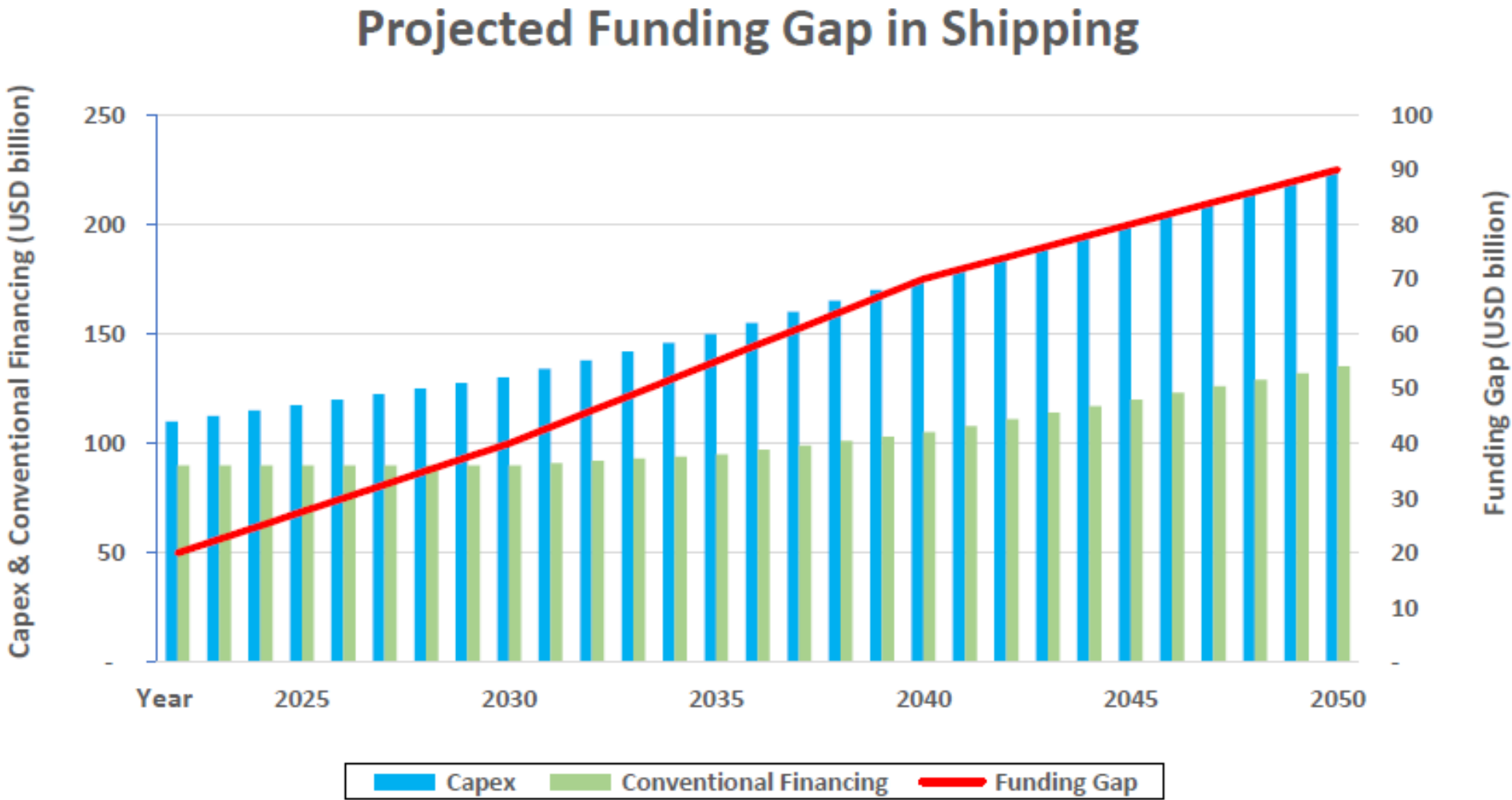
Banking Capacity in Shipping – The Color of Money



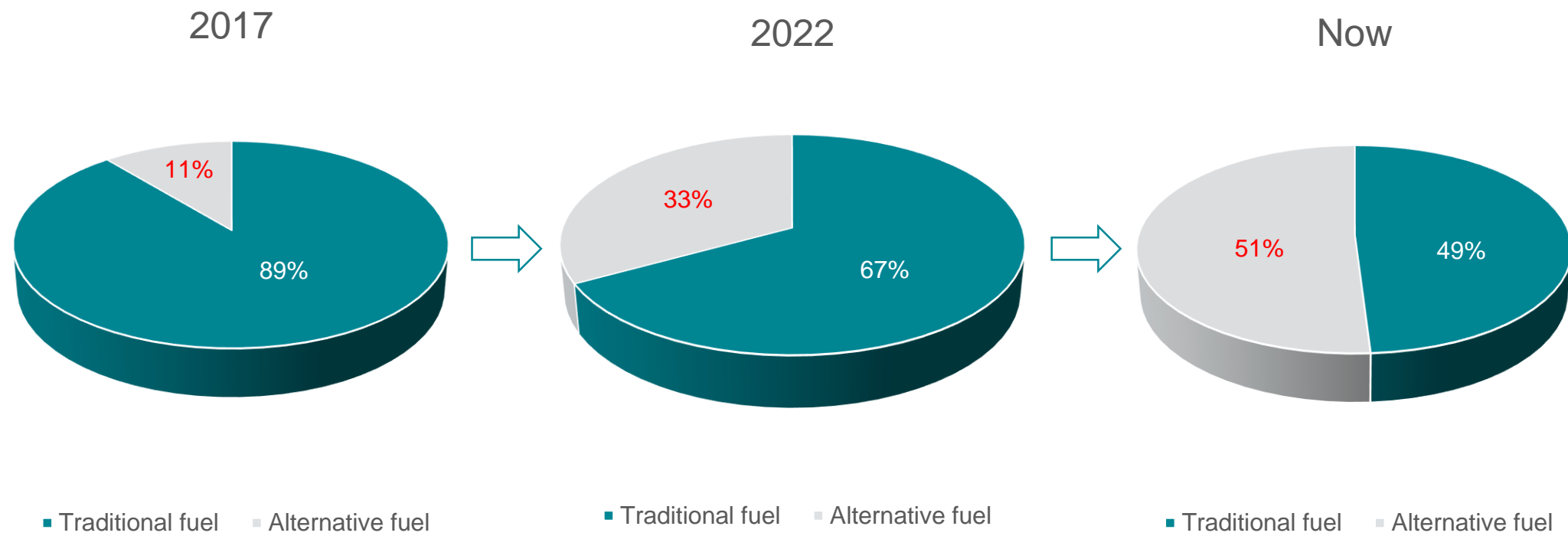
Capacity from the top 20 shipping banks has decreased by US\$100 bn since 2008, while lenders come under increasing pressure to decarbonize their shipping portfolios.

Source: Clarksons Research, September 2022

Banking Capacity in Shipping



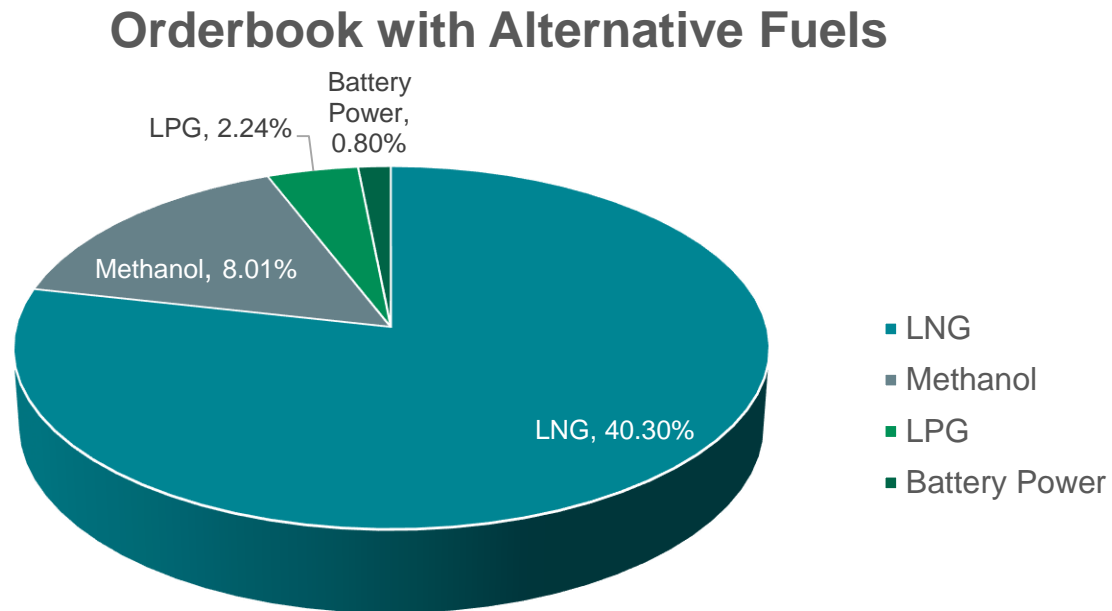
Alternative Fuels Progression in Orderbook



Source: Clarksons Research, Green Technology Uptake Tracker - May 2023
Ship & Bunker, September 2023

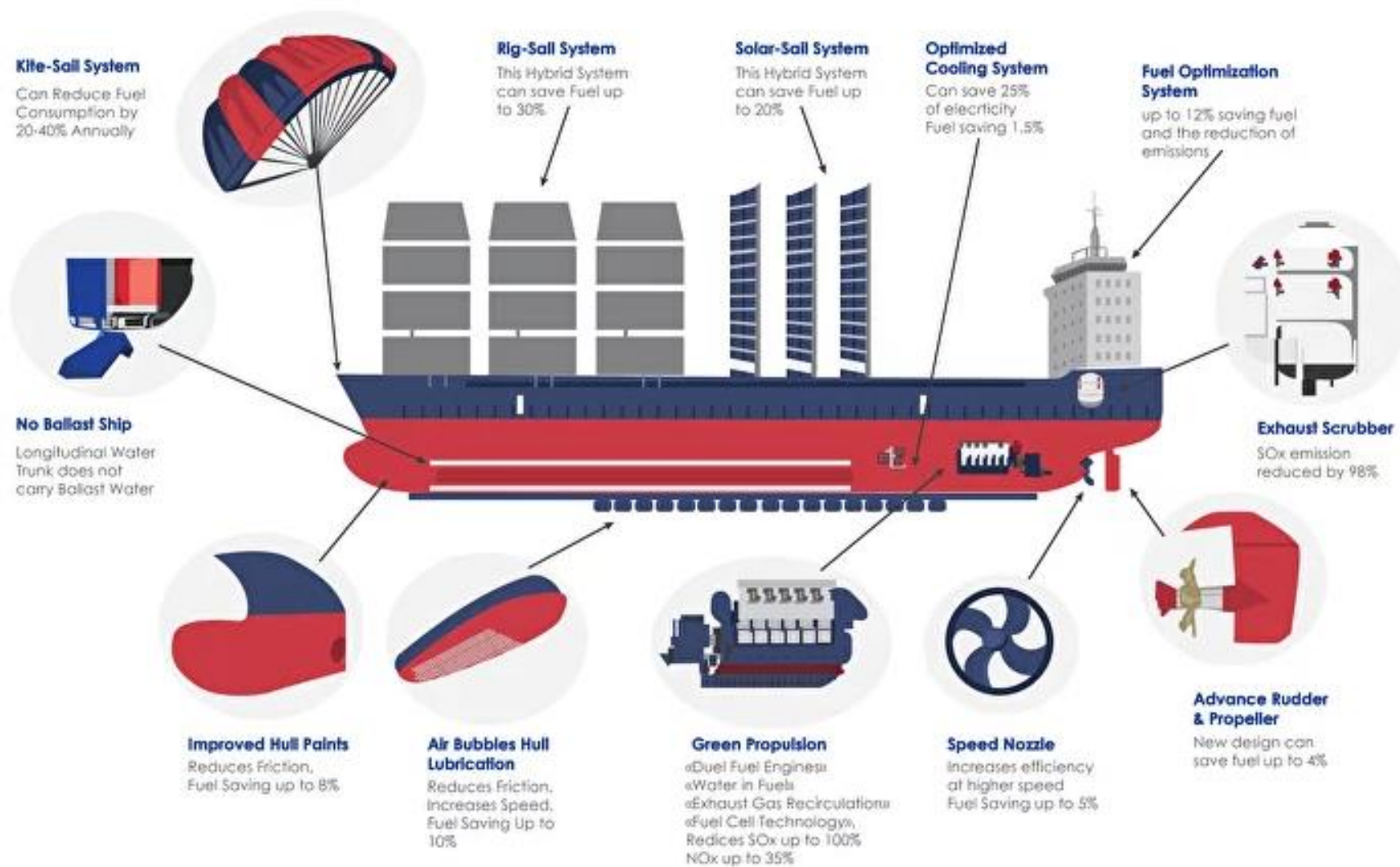
Orderbook with Alternative Fuels in a Glance

- According to classification society [DNV](#)'s latest publication on its [Maritime Forecast to 2050](#) report, **51%** of current shipping orderbook is capable of running on alternative fuels and battery power.



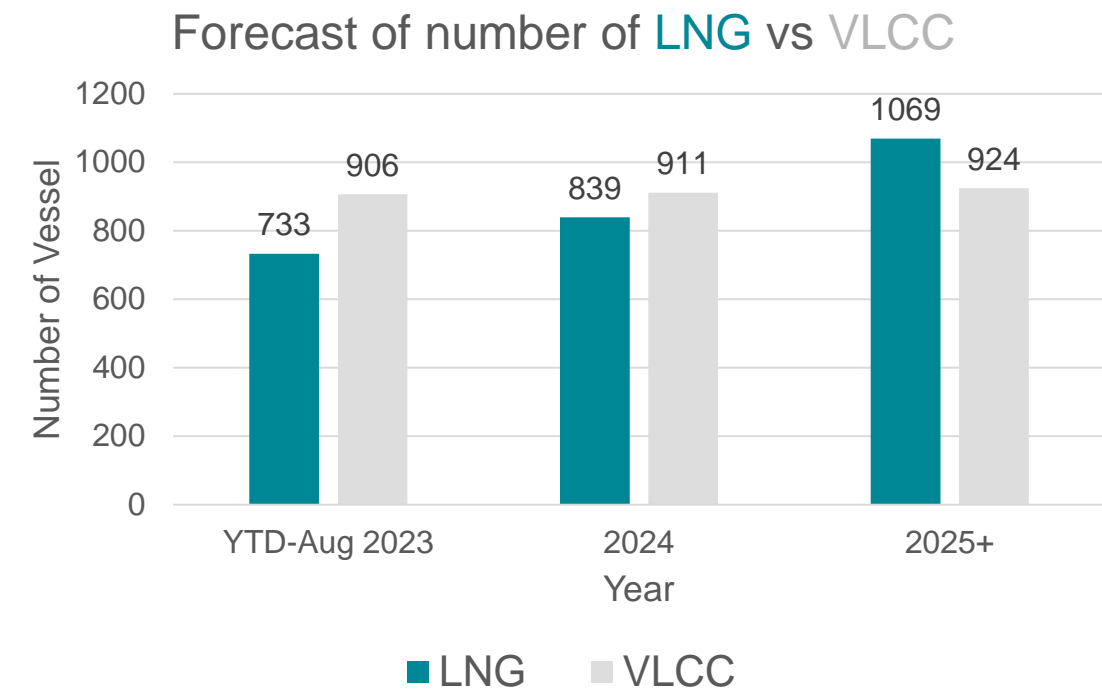
Source: Ship & Bunker, September 2023, 51.3% of current shipping orderbook can run on alternative fuels: DNV

Model of the “Green” Ship



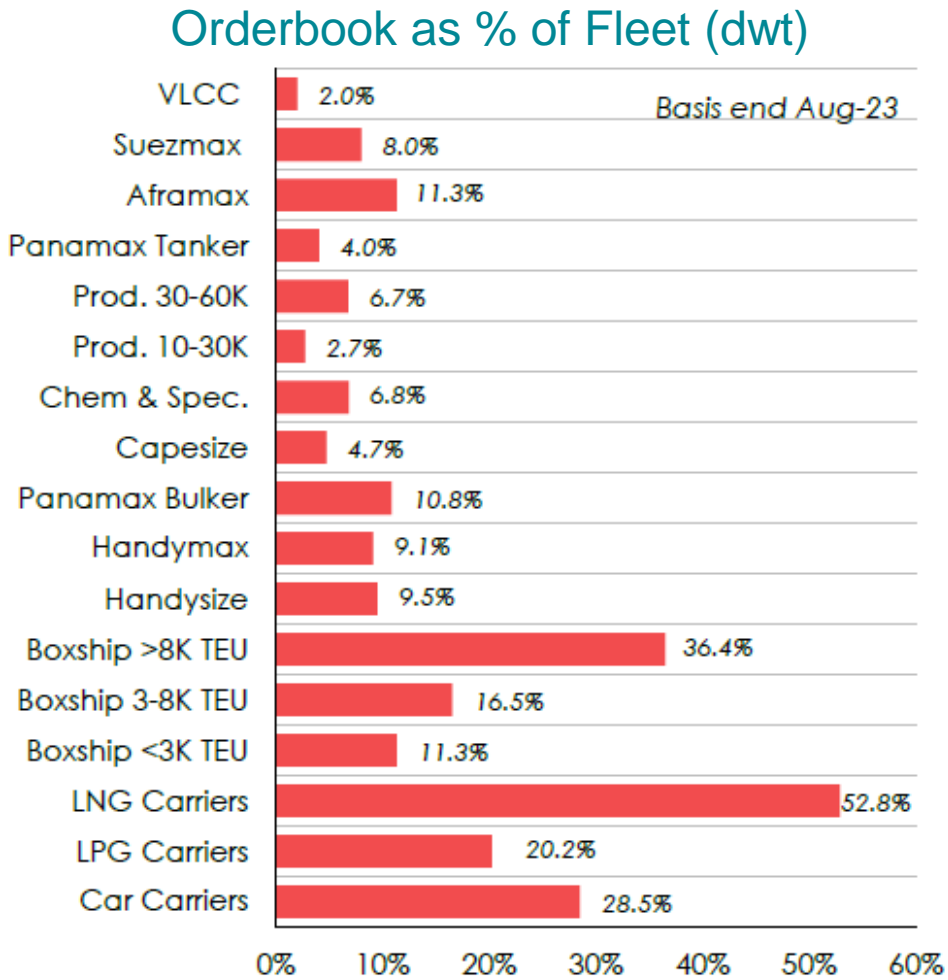
Source: Marine Digital, Green-tech in Shipping Industry

Orderbook for Global Shipping



In the coming 3 years, number of LNG vessel > VLCC

Source: Clarksons Research, August & September 2023



Overview of Sustainable Finance Instruments

The two main formats of sustainable finance below can be applied to any financial instrument such as bonds, loans and derivatives, as well as combined with one another

- Green Bond
- Green Loans
- Green Guarantees
- Green Project Finance
- Green Swap

Use of
Proceeds
Instruments



- Sustainability-Linked Loans
- Sustainability-Linked Bonds
- Sustainability-Linked Trade Finance

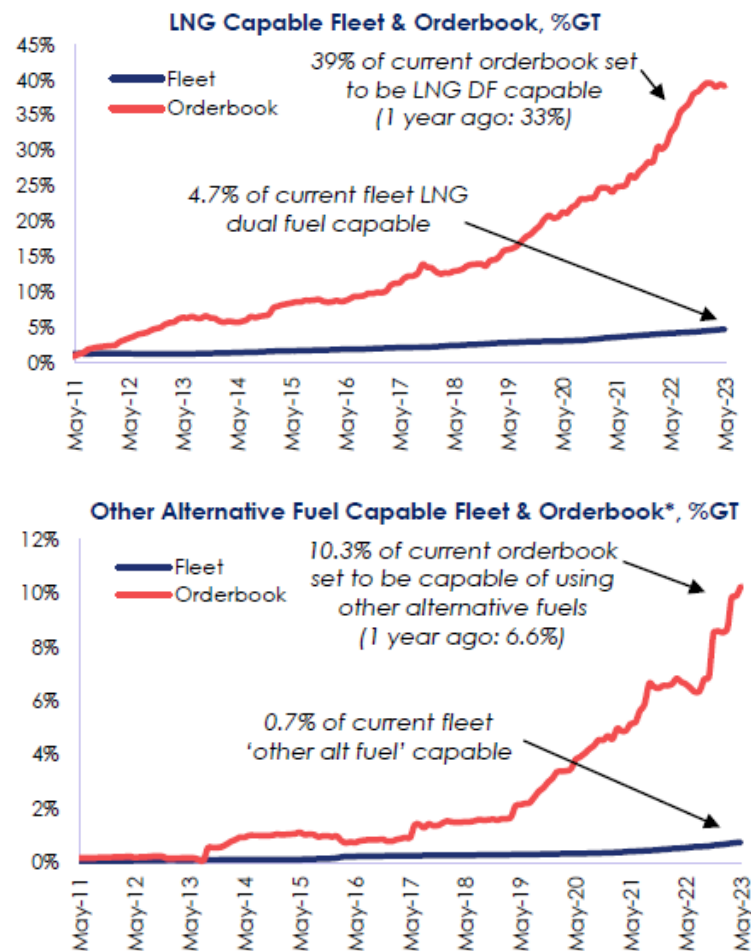
Sustainability
Linked



Green use of proceed transactions in the shipping industry

Key considerations

The uptake of alternative fuels in the world fleet is limited but increasing fast

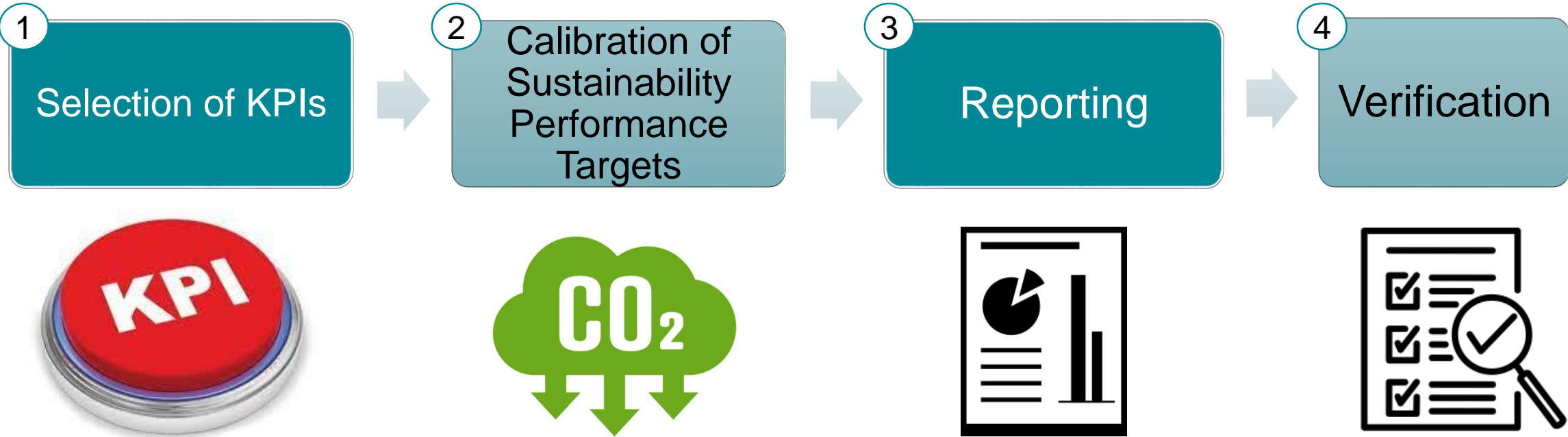


Examples of potential Clean transportation project / assets that could be considered in the shipping industry

- Zero emission vessels
- Dual fuel vessel dedicated to installation of offshore wind farms
- Retrofitting of vessels
- Dual fuel vessel powered with carbon neutral fuel
- Investment in the procurement of carbon neutral fuels











































Sustainability-Linked Bonds / Loans Principles

Overview of Structuration Process



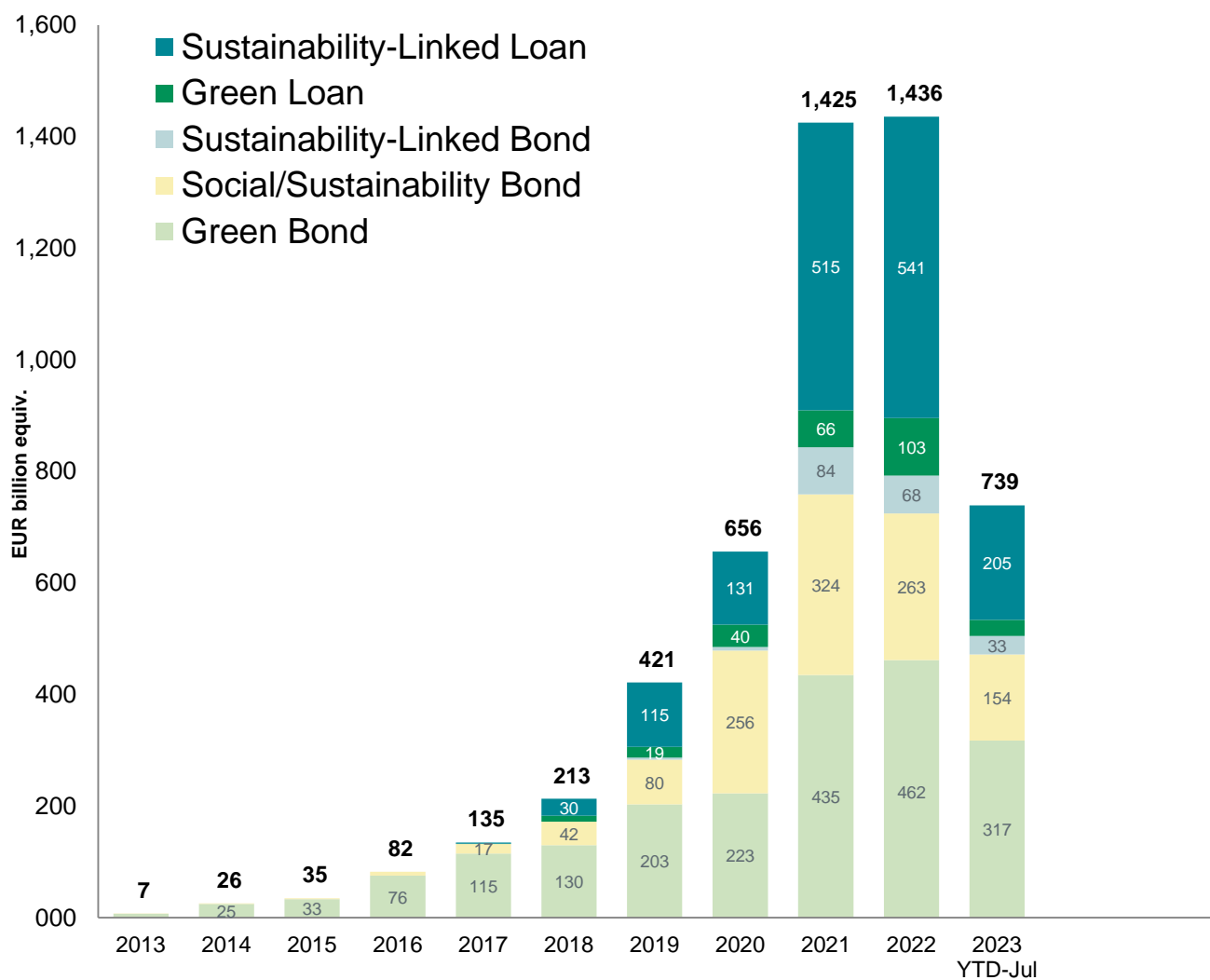
Source: Marine Digital, Green-tech in Shipping Industry

Overview of Sustainable Finance Instruments

		Transactions
Use of Proceeds	Green Bond	 MAERSK   Mitsui O.S.K. Lines  
	Green Loans	       
Sustainability-Linked	Sustainability-Linked Bond	   
	Sustainability-Linked Loan	                         

Sustainable finance market update

Global Sustainable Debt market growth and diversification



In the past 5 years, sustainability-linked loan and green loan market have increased more than 10x.

Crédit Agricole CIB Leader in Green & Sustainability-Linked Loans

FY 2022 Global

Pos.	Sustainability & Green Agent	Deal Value (\$ (m))	No.	%share
1	Credit Agricole CIB	103,293	84	12.0
2	JP Morgan	79,940	27	9.3
3	BNP Paribas	60,651	50	7.0
4	BofA Securities	43,663	34	5.1
5	UniCredit	36,885	26	4.3
6	ING Group	36,221	33	4.2
7	SMBC	35,605	61	4.1
8	BBVA	29,153	59	3.4
9	Wells Fargo & Co	26,543	18	3.1
10	HSBC	25,634	30	3.0

Crédit Agricole CIB – Shipping & Offshore Finance

Thank You

