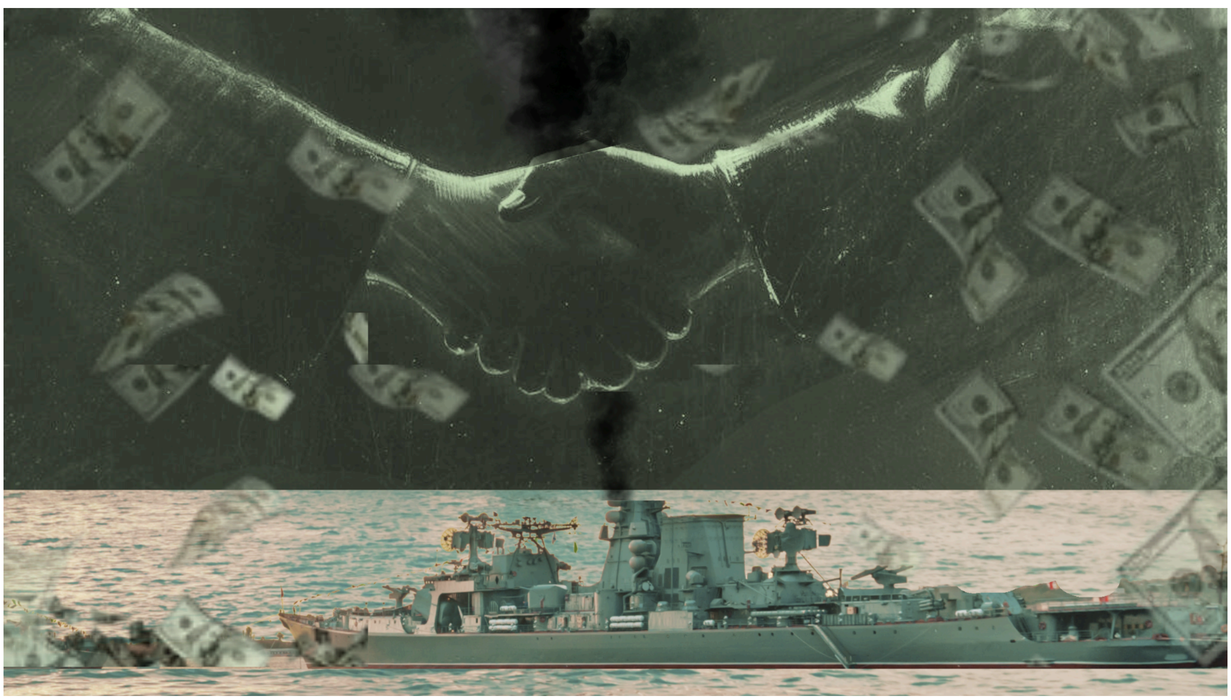
Subscribe | Past Issues | Translate

MARINE ENVIRONMENTAL PROTECTION ALLIANCE

October 2025 Newsletter

When Sustainability Sinks: The Growing Liability of Greenwashed Finance



Accountability Comes for Shipping Finance

Sustainability is no longer just a moral issue—it's a financial one. Companies that lag on sustainability are being left out while reputation and risk catch up fast. The shipping industry, long sheltered by its "alternative compliance" loopholes and complex ownership webs, now finds itself squarely in the crosshairs.

For banks and financiers, the tide is turning fast. ESG credibility has become a currency of its own—one that can rise or collapse overnight. Each loan, each "sustainability-linked" deal, is now a reputational wager. And for those still funding outdated, pollution-heavy technologies like scrubbers, that wager is looking increasingly reckless.

Oversight Tightens for ESG Ratings Providers

marketing spin (ESG News). Investors, too, are losing patience: greenwashed portfolios are no longer seen as sophisticated, but suspect.

Scrutiny along the supply chain has intensified and “green” labeling by the shipping industry, and its financiers, while quietly accelerating climate harm or destroying marine ecosystems, comes at great reputational risk.

The Poseidon Shift

Nowhere is this tension more visible than in maritime finance. Initiatives like the Poseidon Principles—whose 36 signatories represent roughly **80 percent of global ship-finance**—were once celebrated for linking lending decisions to climate alignment. Today, that framework is evolving: expanding its scope to include **biodiversity, ocean health, and the pollution caused by scrubber discharges.** (Riviera Maritime)

For years, shipowners and financiers relied on a convenient loophole—compliance by omission—treating scrubbers as a shortcut to meet air-emission rules while ignoring the toxic waste dumped into the sea. Those days are ending. The conversation is shifting from carbon and climate to **comprehensive ocean accountability**, and the institutions that finance pollution under the banner of “sustainability” are running out of places to hide.

The Case Study: DHT Holdings Finance Scrubber Retrofits

Swedbank—all Poseidon Principles signatories, five of which are founding members. Each operates within OSPAR Commission countries, including three Nordic nations that have fully banned open-loop scrubbers since July 2025. It's a textbook case of sustainability on paper and pollution in practice.

As of just this month, the **ISO 17298 Standard: Biodiversity for Organizations** has established a biodiversity standard as an explicit governance requirement. **ISO 17298** mandates that financial institutions integrate biodiversity dependencies, impacts, and risks into decision-making. Continuing to fund technology that transfers airborne pollution into the sea now sits outside globally recognized norms for nature-positive finance.

Greenwashing may buy time, but it sells credibility. As scrutiny tightens, every scrubber loan, every "compliant" shortcut, becomes a line item in the industry's growing reputational debt.

"The earth is not DYING: It is being KILLED, and those who are killing it have names and addresses." ~ Utah Phillips

MARINE ENVIRONMENTAL PROTECTION ALLIANCE