



# SUSTAINABILITY-LINKED BOND REPORT

FEBRUARY 2022

SEASPAN SENIOR UNSECURED 6.5% NOTES DUE 2026



## SEASPAN SENIOR UNSECURED 6.5% NOTES DUE 2026

Seaspan obtained an assurance report from KPMG, included at the back of this report.

### Statement of KPI performance as of December 31, 2021:

Description	Amount
Binding commitments toward Alternative Fuel Source Capex target	At least \$300mn
Binding commitments toward Alternative Fuel Source Capex	>\$300mn
Target Status	Met

All figures are in USD unless otherwise stated

### Explanatory Notes

For our Sustainability-Linked Bond we have therefore chosen the following Key Performance Indicator:

The aggregate financial value of binding commitments towards vessel acquisitions, newbuildings, and vessel retrofits, which can be powered by Alternative Fuel Sources (as defined below.)

A vessel with an alternative and/or low-carbon emission fuel source ("Alternative Fuel Source") is defined as a fuel source that emits less CO<sub>2</sub> than a conventional fuel vessel. This includes the use of LNG, bio- or electro-methane, hydrogen, bio-diesel, LPG, and ammonia.

Additional details can be found on our Sustainability Linked Bond Frameworks found here: <https://www.seaspancorp.com/sustainable-financings/>

## Climate Change and CO<sub>2</sub> Emissions

CO<sub>2</sub> is a naturally occurring greenhouse gas (GHG), which traps additional heat within our atmosphere as levels rise. Trapped heat leads to climate change, which in turn has significant, negative economic and health impacts.

Based on the Fourth International Maritime Organization (“IMO”) Report, shipping contributes approximately 3% of global anthropogenic carbon dioxide emissions. In 2018, the IMO announced targets to reduce the total annual GHG emissions from the shipping sector by at least 50% by 2050, and achieve zero GHG emissions as soon as possible, in this century. The IMO also set a target to reduce vessel carbon intensity by 40% by 2030, and by 70% by 2050.

Seaspan’s emissions performance is influenced by vessel design, travel speed, trade route, cargo carried and continuous efficiency updates and vessel modifications developed through its asset development program. The following summary illustrates Seaspan’s pursuit of lowered emissions through ship design.

- Seaspan Action for Vessel Energy Reduction (“SAVER”), is Seaspan’s eco-vessel initiative, geared toward vessel efficiency and optimization through various vessel design and equipment enhancements. Seaspan has invested heavily in vessel enhancements, including, amongst others, optimized hull, rudder and propeller designs, efficient engines and auxiliary machinery, and optimized cargo loadability. These all serve to maximize vessel efficiency for customers, and minimize impact on the environment
- In March 2021, Seaspan signed an agreement to acquire ten 15,000 TEU dual fuel LNG containership newbuilds. These ultra-modern containerships are anticipated to begin deliveries in the first half of 2023 and, upon completion, will enter 12-year charters with a global container liner. Currently, LNG is the most commercially viable cleaner burning fuel source, and an important step in the transition to low-carbon fuels, as they become commercially available for deep sea container shipping. The use of LNG as a marine transition fuel

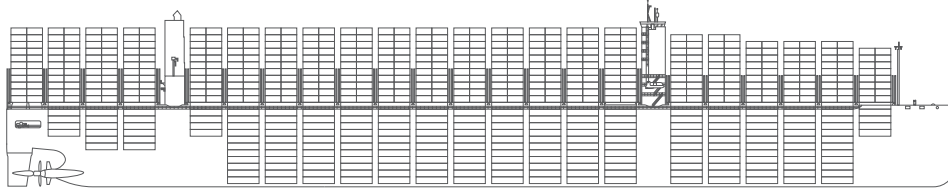
significantly lowers ship exhaust emissions of SO<sub>x</sub> to almost zero, NO<sub>x</sub> by up to 20~30% for diesel cycle engines, particulate matter by up to 99% and carbon dioxide (CO<sub>2</sub>) by up to 20% over the entire engine life cycle, subject to engine technology.

### Goals:

Significant emissions reduction can be achieved by Seaspan vessels through advanced design and operation. Transparency can also be improved with accurate GHG reporting to stakeholders. The following list illustrates how improvements will be reported

- Report applicable fleet Energy Efficiency Design Indicator (“EEDI”) in 2021. The EEDI, introduced for new ships in January 2013, encourages designers to develop even more efficient ships. As Seaspan introduces newer, more efficient ships operating on low carbon fuels, fleet EEDI is expected to reduce
- Report fleet Energy Efficiency Existing Ship Index (“EEXI”) from 2022. The EEXI, due to come into effect in January 2023, is calculated in the same manner as the EEDI, but will apply to pre-EEDI vessels and certain EEDI certified vessels. The result will be a level playing field between new and existing ships, as it relates to the efficiency of their design. As Seaspan modifies its ships, including conversion to low carbon fuels, fleet EEXI are expected to reduce
- Report fleet Annual Efficiency Ratio (“AER”) in 2021. The AER is an operational indicator and reflects the efficiency of the design, carbon content of the fuel being consumed and the efficiency of operations. As Seaspan improves the efficiency of its ships and operations, fleet AERs are expected to reduce
- Report GHG emission reduction in 2022. As Seaspan transitions and decarbonizes its fleet and operations, GHG emissions are expected to reduce

## Per-Vessel Impact of Switching to LNG



$\text{CO}_2 \downarrow \sim 33\%$

$\text{SO}_x \downarrow 90\sim 99\%$

$\text{NO}_x \downarrow 20\sim 30\%$

Particulate Matter  $\downarrow 90\%$

### **Note on direct emissions from Seaspans ships**

*Seaspan ship emissions are determined by several variables, including the condition of the hull and machinery, fuel type used, cargo carried, speed and routing of its ships – some of which are not under Seaspan's full control.*

*To enhance the efficiency of its ships, Seaspan has introduced hull designs that reduce drag, utilized more fuel-efficient engines, improved cargo-loadability and explored alternative clean-burning fuels.*



## OUR VIEW ON EMISSIONS PERFORMANCE

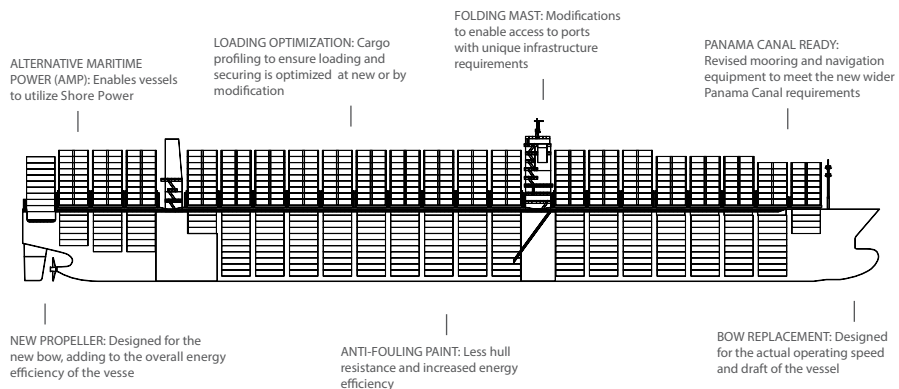
Compared to our liner customers, Seaspán does not control the speed and trade route of its vessels on time charter (speed is a primary driver of emissions). As such, Seaspán's leading emissions performance is driven by the design of our vessels, operational excellence, and continuous updates and modifications through our asset development program. Our sustainability-linked framework is reflective of this position.

**Since its inception in 2012, our SAVER program has reduced our vessels' carbon emissions by 25%, equating to 9.2 million tons of abatement.**

SAVER stands for Seaspán Action for Vessel Energy Reduction, and is Seaspán's eco-vessel initiative geared toward vessel efficiency and optimization through vessel design and equipment enhancements. Some of the enhancements include optimized hull, rudder and propeller designs, efficient engines and auxiliary machinery, and optimized cargo loadability. These all serve to maximize vessel efficiency for our customers, and to minimize our impact on the environment.

Maximizing economies of scale by building larger and more efficient ships has been a key focus area for the container shipping industry over the past several years. Responding to industry demand, our 10,000 and 14,000 TEU SAVER series of vessels incorporate the latest technological and environmental advancements while maintaining our commitment to quality.

As an industry leader in vessel operation and maritime technology, Seaspán continues to research alternative fuel sources and decarbonization pathways. While there are incremental costs to develop and build vessels that better position Seaspán on its path to decarbonization, Seaspán is constantly engaging with its global customers to evaluate these ambitious, eco-friendly newbuilding opportunities. Seaspán has invested in R&D with the goal of significantly increasing the proportion of best-in-class, fuel-efficient, low emission ships for our fleet, as well as supporting our customers' path to decarbonization. The Sustainability-Linked Bond Framework described in this report defines and captures these ambitions.



# SUSTAINABILITY AND CONTAINER SHIPPING

## ENVIRONMENTAL ISSUES THAT SEASPAN FOCUSES ON ADDRESSING

Although shipping represents the most emissions-efficient mode of transportation, Seaspan is focused on leveraging its fully-integrated operating platform and expertise to address the following:

- **Emissions & Energy Reduction** – green-house gas (“GHG”) emissions and the ability to meet stricter climate-related regulations, as well as other polluting emissions from ships, such as NOX, SOX, PM
- **Biodiversity / Marine Pollution** - transfer of invasive species through ballast water, and poor waste management
- **Ship Recycling** - considerations surrounding the health, safety, and environment at ship recycling facilities
- **Accidental Spills** - large-scale environmental damage from accidental spills not properly managed or contained

At Seaspan, we aim to contribute to environmentally sustainable and climate-resilient development in our industry, and this commitment goes beyond meeting environmental laws and regulations. In order to address the environmental challenges of our industry and to identify and access the necessary technology, we have established a Technology Advisory Council (the “Committee”), comprised of senior members from leading industrial companies with expertise in areas such as fuel development, machinery design and development, and regulatory bodies. The Committee will advise and guide Seaspan’s management on future technology strategies and help ensure that we stay at the forefront of industry developments.

Seaspan’s sustainability position is predicated on the vessels we lease to our customers. As such, maritime technology and operational excellence are our core focus as we adapt to meet our sustainability goals. This is primarily through newbuilding (committing investments to build vessels with efficient designs and low carbon fuel sources), retrofitting (investing in upgrades that improve fuel efficiency and use lower carbon fuel sources), or vessel maintenance (maintaining the quality and efficiency of our fleet).

We pride ourselves on our partnerships with our customers and are proud of the economic and environmental advances we have achieved working closely with them. The container shipping industry will remain a vital part of the solution to the world’s environmental challenges.

## SUSTAINABILITY-LINKED BOND FRAMEWORK

At Seaspan, we are committed to driving environmentally sustainable and climate-resilient development in our industry. To do so, ambitious investments to improve the environmental performance of our fleet are necessary. To showcase our commitment, we have established this Sustainability-Linked Bond Framework (the “Framework”) which is aligned with the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) in June 2020.

The Sustainability-Linked Bond Principles are voluntary guidelines that outline best practices for financial instruments incorporating forward-looking ESG outcomes. These principles also promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of a Sustainability-Linked Bond.

Our Framework is available on our website:  
<https://www.seaspancorp.com/sustainable-financings/>



# ASSURANCE REPORT

Seaspan obtained an assurance report from KPMG, included in the following pages:

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**KPMG LLP**  
Telephone (604) 691-3000  
Internet www.kpmg.ca

## Independent Practitioner’s Limited Assurance Report

To the management of Seaspan Corporation

We have been engaged by the management of Seaspan Corporation (the “Entity”) to undertake a limited assurance engagement, as at ended December 31, 2021, on certain quantitative performance information disclosed in the attached Sustainability-Linked Bond Report for Seaspan Senior Unsecured 6.5% Notes Due 2026 (the “Report”) as described below.

### Subject Matter Information and Applicable Criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (the “subject matter information”):

Key Performance Indicator	Results
Binding commitments towards Alternative Fuel Source Capex	>\$300mn

The subject matter is contained within the Report on page 2.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation or publication of sustainability performance metrics. As such, the Entity applies internally developed reporting criteria (the ‘applicable criteria’) described in the Explanatory Notes on page 2 of the Report.

### Management’s Responsibility

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria current as at the date of our report.

Management is responsible for determining the appropriateness of the use of the applicable criteria.

Management is also responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported subject matter information is derived.



## **Practitioners' Responsibilities and Professional Requirements**

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain the stated level of assurance, in accordance with the applicable criteria.

## **Practitioners' Independence and Quality Control**

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Assurance approach**

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. Our procedures included:

- Inquiries with relevant staff at the corporate level to understand the data collection and reporting processes for the subject matter information;
- Assessment of the suitability and application of the criteria in respect of the subject matter information;
- Comparing a selection of the reported data for the subject matter information to underlying data sources;
- Inquiries of management regarding key assumptions and, where relevant, the re-performance of calculations; and
- Reviewing the subject matter information presented in the Report to determine whether it is consistent with the evidence gathered.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, those applied in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.

**Opinion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that as at December 31, 2021, the subject matter information, as described above and disclosed in the Report, has not been prepared and presented, in all material respects, in accordance with the applicable criteria, current as at the date of our report.

**Specific Purpose of Subject Matter Information**

The subject matter information has been prepared in accordance with the applicable criteria. As a result, the subject matter information may not be suitable for another purpose.

Handwritten signature of KPMG LLP in black ink, with a horizontal line underneath the text.

Chartered Professional Accountants  
Vancouver, Canada  
March 30, 2022