

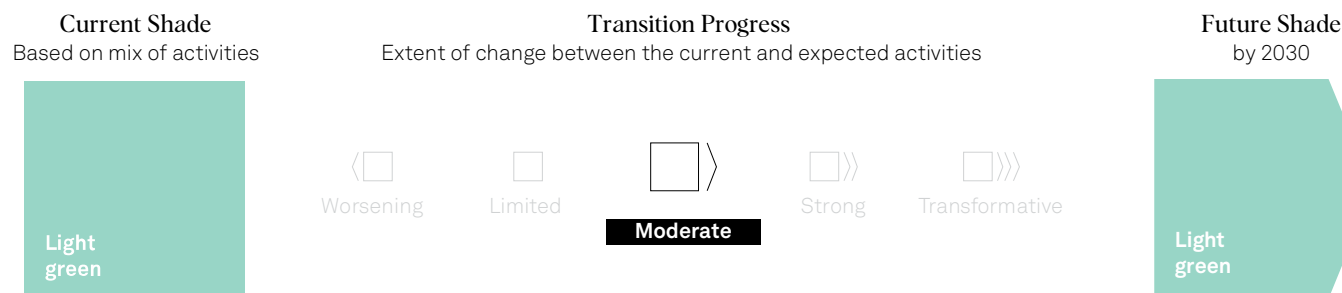
Climate Transition Assessment

Sunborn International Plc

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Primary contact

Sofia Singh Digpaul
London
sofia.singh.digpaul
@spglobal.com



Climate Transition Summary

The Current Shade and Future Shade of Light green reflects our expectation that the majority of Sunborn's revenue will continue to be generated from its fleet of efficient hotel yachts until 2030. We assess the vessels using our green buildings approach since they are non-propelled and are therefore stationary. In 2024, the company allocated capital expenditure (capex) toward the operation of its current fleet and the development of new vessels with the same overarching energy performance principles. It also invested in a pipeline renovation project for its current U.K. vessel to improve its energy performance and phase out fossil fuel heating, which we view as Medium green. Moreover, Sunborn Group allocated about 19% of its capex toward investments that we assign a Dark green shade, including for the development of an integrated energy subsidiary, Sunborn Energy, to improve its vessels' performance and on-site renewable generation.

We expect Sunborn to make Moderate transition progress since it plans to phase out fossil fuel heating and obtain greater visibility over its value chain emissions. To date, the company has focused on the operational energy efficiency of its vessels in its transition. However, it has indicated that once the new vessels are commissioned, it may have more influence over its value chain, and will investigate the use of low-carbon materials such as lower emissions steel. Should scope 3 emissions be addressed systematically, it could result in the construction of new vessels being assessed as Medium green. That said, the vessels are yet to be contracted to be built, and there is uncertainty over the specific actions that Sunborn will take.

Sunborn aims to improve the energy performance of its portfolio, though it has yet to develop a formalized sustainability strategy. Sunborn has not yet developed a formal strategy to address its value chain climate risks. Its ability to achieve its aims could be hindered by factors outside of its control, such as the higher cost and limited availability of low-carbon materials.



Strengths

Sunborn operates a portfolio of efficient hotel yachts. It remains committed to applying energy efficiency principles to its new developments, as well as phasing out its remaining exposure fossil fuel heating. Its parent company invests in a subsidiary focused on providing integrated energy services to hotel yachts.

Weaknesses

It has not yet developed climate and environmental targets. The company aims to achieve carbon neutrality but has not yet defined what this will entail.

Areas to watch

Construction can entail value chain emissions. Sunborn has indicated that it intends to develop a systematic approach to addressing embodied emissions in new developments and renovation projects. However, there is uncertainty over what this approach will entail.

A Climate Transition Assessment (CTA) is our qualitative opinion on the expected alignment of a company's activities with a low carbon climate resilient future once its planned transition changes are realized, considering implementation actions and risks. It is a point-in-time opinion, reflecting the information provided to us at the time the CTA was created and published, and is not surveilled. We assume no obligation to update or supplement the CTA to reflect any facts or circumstances that may come to our attention in the future. A CTA is not a credit rating and does not consider credit quality or factor into our credit ratings. See our [Analytical Approach: Climate Transition Assessment](#) and our [Analytical Approach: Shades of Green](#).

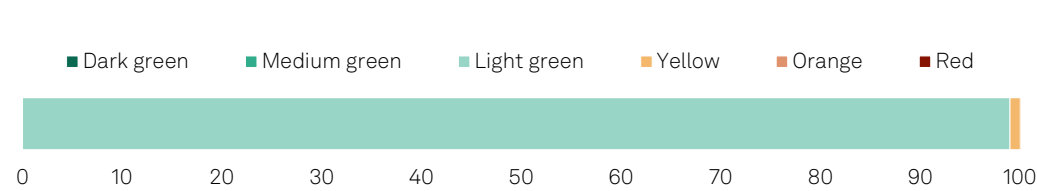
Company Description

Location: Finland	Sector: Real estate
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Sunborn International Plc (Sunborn) is a real estate and hospitality company headquartered in Finland. The company’s business model is vertically integrated and includes the development, ownership, and operation of floating hospitality assets. It owns two hotel yachts located in London and Gibraltar, which combined generated revenue of €19 million in 2025. The company is working to expand its portfolio with two additional hotel yachts, with the aim of reaching €70 million in revenue and €28 million–€30 million in EBIDTA by 2028, subject to permits and the completion of its development projects. Sunborn had 287 employees as of 2025.

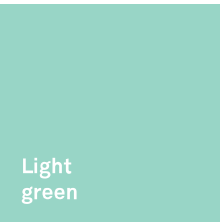
Current Activity

Current activities mix by shade (2024 % of total revenue)



Source: S&P Global Ratings.

Current Shade
Based on activities mix



Activity breakdown by shade (20204 % of total)

Shade	Revenue	Opex	Capex
Dark green	0	0	19

Activities: Capex for the development of the integrated renewable energy company Sunborn Energy

2030 future revenue estimate: We don’t expect this to alter future revenue

Medium green	0	0	4
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Activities: Renovation of existing London-based vessel to improve energy efficiency to achieve an energy performance certificate (EPC) A and to phase out fossil fuel heating

2030 future revenue estimate: We expect the proportion of Medium green revenue to increase slightly and the proportion of Light green revenue to decrease once the project has been implemented

Light green	99	96	51
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Activities: Two existing hotel vessels with high energy efficiency above regulatory requirements (one is located in the U.K. with an EPC B and the other is in Gibraltar with an EPC A)--the U.K. vessel has some fossil fuel heating (45.5% in 2024), while the Gibraltar vessel has none.

The development of energy efficient hotel vessels performing above regulatory requirements in the U.K. and British Columbia, Canada

2030 future revenue estimate: We expect the proportion of Light green revenue to decrease following the implementation of the planned renovation project			
Yellow	1	4	26
Activities: An existing head office building with no direct fossil fuel heating in Finland, which does not meet green criteria			
2030 future revenue estimate: We don't expect the proportion of Yellow revenue to change.			
Orange	0	0	0
Activities: None			
2030 future revenue estimate: Not applicable			
Red	0	0	0
Activities: None			
2030 future revenue estimate: Not applicable			

As of Dec.31, 2024. Most accounting systems do typically not provide a breakdown of revenue and investments by environmental impact, and the analysis may therefore not be directly comparable with annual reporting. Opex--operational expenditure. Capex--Capital expenditure. Source: S&P Global Ratings.

Shade Rationale

We assign Sunborn a current shade of Light green to reflect that 99% of its revenue was generated from energy-efficient hotel vessels in 2024. Revenue stemmed from two vessels that are currently in operation as hotel yachts in London and Gibraltar.

We applied the approach we typically use to identify green buildings to assess the climate and environmental impacts of the vessels Sunborn operates as hotels. This is because the hotels are non-propelled marine vessels, meaning they have no engines and cannot move by themselves. In addition, they are considered to be commercial buildings under the regulatory frameworks in the countries in which they are located. Sunborn has addressed physical climate risk in line with regulatory requirements.

About 17% of Sunborn's capex in 2024 related to the development of two new and highly efficient hotel yachts, which we assess as Light green:

- Both hotels will aim to achieve high energy performance above regulatory requirements once their construction is complete. Energy will be 100% sourced from renewable sources: 60%-70% through on-site generation and 30%-40% from grid electricity. These factors are a solid commitment to reducing the emissions of these hotels once they become operational.
- Sunborn has yet to address embodied emissions, limiting our assessment of the vessels to Light green. It has not formalized an approach to systematically mitigate embodied emissions from the materials used to construct its vessels, which we consider to be highly relevant for new development projects. Steel is a key material used in the construction of the company's hotel yachts, which has substantial value chain emissions stemming from its production and raw material extraction. We understand from the issuer that it will have more visibility on how to address this exposure once the vessels

are contracted to be built. In our view, this could strengthen its management of its transition risk.

- Sunborn integrates biodiversity assessments and mitigation in the planning and development of its vessels as is required by regulation. Biodiversity risks for floating assets differ from land-based properties since their construction takes place in specialized centers rather than entailing land use change (greenfield land) or the ongoing use of converted land (brownfield). The company's biodiversity assessments typically focus on the impact the vessel could have on marine and aquatic environments, the application of the mitigation hierarchy, and ongoing monitoring.

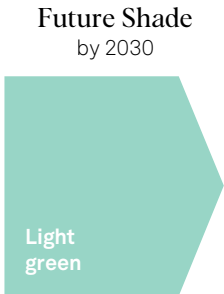
About 4% of Sunborn's capex in 2024 went toward a planned renovation that we consider Medium green. With the renovation, Sunborn aims to improve the energy performance of its existing London vessel to EPC A from EPC B and achieve compliance with the EU's nearly-zero energy building requirements. To do so, it plans to upgrade its current systems to make them more efficient, integrate additional renewable sources such as on-site solar generation, and replace the current fossil-fuel boiler with an electric one.

Sunborn spent 19% of its capex on Sunborn Energy, an energy company owned by its parent, which we view as Dark green. Sunborn Energy will be an integrated energy company that intends to provide energy services to Sunborn's hotels. This will include providing the renewable energy systems and maintenance. This will support the vessels' use of low-carbon or zero-carbon energy, which will reduce their reliance on grid electricity as well as their operational emissions.

Climate Transition Plan

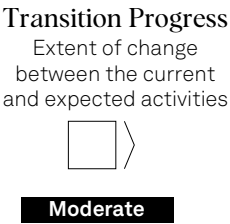
Future Shade

We assign Sunborn a Future Shade of Light green by 2030. The company has a track record of developing and operating a fleet of highly energy efficient hotel yachts. We expect that investments in the construction of new vessels, the renovation of its existing London vessel using the same principles, and phasing out fossil fuel heating will support its ongoing efforts.



Transition Progress

We expect Sunborn to make Moderate progress in improving the performance of its portfolio, though there is still some uncertainty on the implementation. To date, Sunborn has focused on the construction and operation of highly efficient hotel yachts, with a track record of low operational emissions. The company’s new developments are being designed using the same overarching principles of implementing high efficiency, and commitments made in planning applications on the use of renewable energy. Sunborn is aiming to go beyond this by implementing sustainability requirements in the construction stage of the vessels with the use of low-carbon materials (e.g., low-carbon steel). The requirements will target a larger proportion of Sunborn’s overall carbon footprint, including scope 3 embodied emissions. That said, the vessels are yet to be contracted to be built, meaning there is a lack of visibility on the concrete actions that can be taken to address value chain emissions.



Transition plan summary

Key targets	→	Actions and investments	→	Expected impact on revenues
No climate targets but aspiration to reach carbon neutrality		Phase out fossil fuel heating systems in favor of efficient electric ones Develop highly efficient new hotel yachts with energy performance that exceed regulatory requirements Renovate its existing U.K. vessel to improve energy efficiency Integrate requirements for the procurement of low-carbon materials in the construction stage of new hotel yachts, once they have been commissioned		This will increase Sunborn’s overall green revenue. There may be a shift to Medium green revenue once its renovation project is complete and if its aspirations are implemented and achieved, though no clear emissions reduction targets have been made to date.

Source: S&P Global Ratings.

Metrics And Targets

Peer comparison

We view Sunborn’s revenue mix, which comprises mostly energy efficient hotel yachts assigned a Light green shade, as strong in the jurisdictions in which it operates and in the global context.

Most real estate activities are typically assessed Yellow or Orange, and we do not currently assign a Dark green shade to real estate due to value chain emissions. A high share of Light green revenue (99%) positions Sunborn among the leading real estate companies globally.

Transition targets

Sunborn aspires to reach carbon neutrality across its fleet of hotel yachts, but it has yet to define formal carbon reduction targets. As such, there is uncertainty over the concrete commitments of the company. Sunborn shared with us its scope 1, 2, and some 3 emissions accounting, though the data is yet to be reviewed by a third party, and it expects to accelerate its efforts in the near-term.

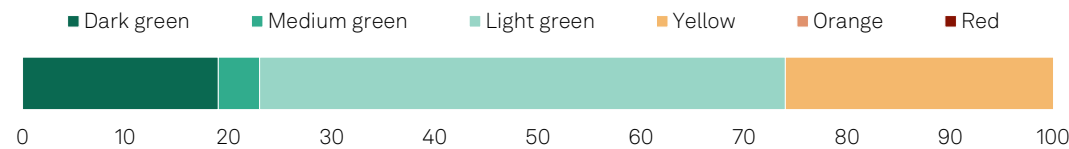
Target time frames

Transition metrics	Baseline metric (2023)	2024
Scope 1 emissions (t CO ₂ e)	305	243
Scope 2 emissions (t CO ₂ e)	1,924	1,510
Scope 3 emissions (t CO ₂ e) – purchased goods and services (laundry and deliveries, waste generated in operations, business travel, and employee commuting)	-	351

tCO₂e – metric tons of carbon dioxide equivalent. Source: Company Reporting and S&P Global Sustainable1.

Actions And Investments

2024 Capex breakdown by shade (% of total)



Source: S&P Global Ratings.

Over the next five years, we expect Sunborn’s investments in the development of additional highly efficient floating hotels to lead to increased revenue, with the proportion of green revenue remaining unchanged. To date, the company has focused primarily on the reduction of direct emissions from the operation of its vessels. It has yet to determine specific targets for the reduction of its emissions, and its approach to systematically addressing value chain emissions is nascent.

We view it as a strength that Sunborn is already operating energy efficient floating hotels and is investing in solutions to make them less dependent on fossil fuels. We expect it to continue to do so over the next five years. The company has a pipeline project for the renovation of its vessel currently located in London, which will include a switch to heat pumps. This, in turn, will reduce its vessels’ exposure to transition risk and address a substantial portion of its scope 1 emissions.

To support the decarbonization of its fleet of floating hotels, Sunborn Group (the parent company) has invested in its own ability to generate and provide renewable energy to its vessels. Once operational, the entity will be entirely dedicated to the provision and maintenance

of energy systems for the floating hotels, thereby contributing to the wider groups' achievement of zero-carbon hotels.

In the future, if Sunborn achieved reduced embodied emissions from these projects, they could be aligned with a Medium green shade. However, there is currently only evidence that they will be energy efficient, so we view the investments as Light green. Sunborn's approach to addressing embodied scope 3 emissions is nascent. The company has confirmed that it is committed to integrating considerations around embodied emissions in the design specifications provided to the shipyards contracted to build the vessels. However, there is currently no specific requirements set and the potential emissions reduction from the standard use of materials is uncertain.

Sunborn has committed to addressing scope 3 emissions from the transport of its hotels to their docking location. It aims to include this in the project planning stage. Potential actions include the selection of efficient transport routes and lower-carbon transport options, such as biofuel-powered vessels where available. The hotels are typically moved infrequently, staying in the same location for 10 years on average. Therefore, such emissions are not ongoing, but are case specific.

Implementation Drivers

Sunborn aspires to improve the performance of its portfolio, but it has not yet formalized a plan. In addition, its ability to further its sustainability considerations hinges on the availability and price of lower-carbon materials.

Sunborn is progressively integrating sustainability in its governance structure and improving its reporting practices. The company shared that oversight of all sustainability matters is in the remit of its board of directors through its role in strategy and risk management. It also established a board-level environmental officer focused on the implementation of the company's sustainability ambitions. At the hotel level, associated actions are enacted through hotel management systems, which are verified using the Green Key certification for hospitality. That said, its strategy is still nascent, indicated, for example, by a lack of established targets.

Higher costs and limited availability of low-carbon materials may hinder Sunborn's ability to address embodied emissions. The primary material used to construct the company's vessels is steel. The metals sector is a major greenhouse gas emitters, and while most rated companies have set short-term 2030 scope 1 and 2 reduction targets, achieving longer term decarbonization will require a change in how metals are produced and deployment of technological solutions (see ["Decarbonizing Metals Part One: A Pressing Issue With Uncertain Fixes."](#) June 3, 2024). This, combined with tightening regulations, namely in Europe, may increase the cost of producing low-carbon materials such as low-carbon steel, which will be passed on to customers in the form of a price premium. Demand for low-carbon steel decreased in 2024, and some buyers are unwilling to purchase low-carbon steel if they are not required to do so (see ["Princes and Policies: Forging the Green Steel Market,"](#) Jan. 06, 2025). Continued high prices could make low-carbon construction materials unaffordable for real estate companies, impeding reductions in embodied emissions.

Nasdaq Green Designation

Nasdaq Green Equity

S&P Global Ratings confirms that Sunborn International Plc (Sunborn) meets the requirements for Nasdaq Green Equity Designation set out in the Nasdaq Green Equity Principles.

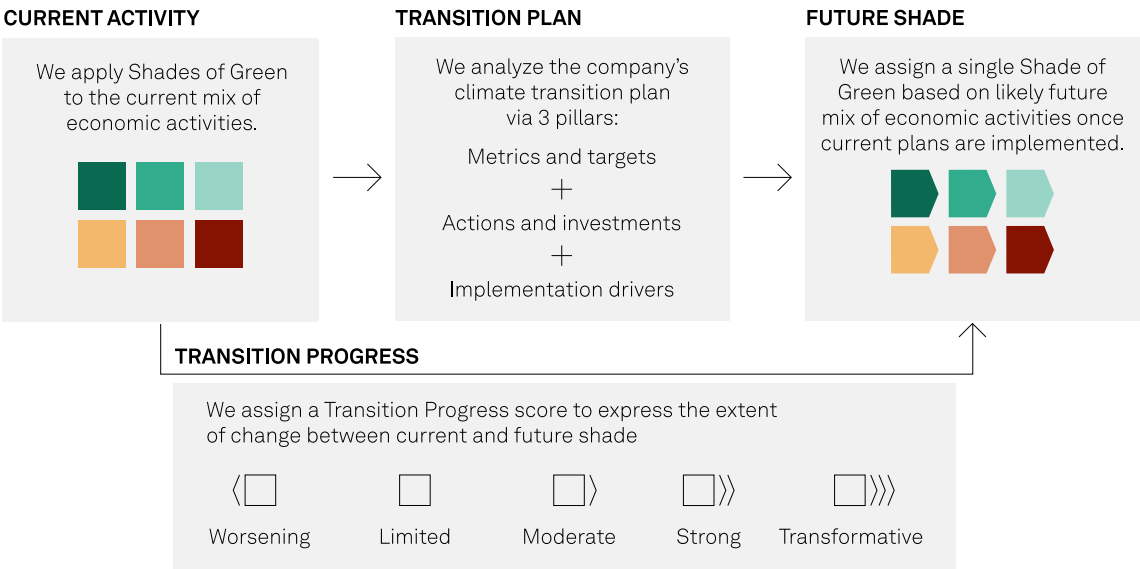
In 2024, 99% of Sunborn's turnover came from assets with some Shade of Green, exceeding the 50% threshold for green activities for company turnover. The sum of opex and capex allocated a Shade of Green is 95%. This exceeds the 50% threshold for investments, defined as the sum of capex and opex. In 2024, Sunborn had no turnover derived from fossil fuel activities, meeting the threshold of less than 5% of the company's turnover being derived from fossil fuel activities.

In addition, Sunborn meets Nasdaq's transparency requirements on environmental targets and KPIs. The company has reported its reported environmental targets and KPIs data publicly through the Nasdaq ESG portal.

Investors should note that the statements above are the results of S&P Global Ratings' assessment. The awarding of the Green Designation to Sunborn is subject to Nasdaq's approval.



Assigning a Shade for S&P Global Ratings' Climate Transition Assessment



Source: S&P Global Ratings.

S&P Global Ratings' Shades of Green

Assessments											
	Dark green		Medium green		Light green		Yellow		Orange		Red
Description											
Activities that correspond to the long-term vision of an LCCR future.		Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.		Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.		Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.		Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.		Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.	
Example projects											
 Solar power plants		 Energy efficient buildings		 Hybrid road vehicles		 Health care services		 Conventional steel production		 New oil exploration	

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades. LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Related Research

- [Analytical Approach: Climate Transition Assessments](#), May 29, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Climate Transition Assessments](#), May 29, 2025
- [Analytical Approach: Shades Of Green Assessments](#), Jul. 27, 2023
- [Decarbonizing Metals Part One: A Pressing Issuer With Uncertain Fixes](#), June 3, 2024
- [Prices and Policies: Forging The Green Steel Market](#), Jan. 6, 2025

Analytical Contacts

Primary contact

Sofia Singh Digpaul
London
sofia.singh.digpaul
@spglobal.com

Maria Knudsen
Oslo
maria.knudsen
@spglobal.com

Secondary contacts

Kristina Alnes
Oslo
kristina.alnes
@spglobal.com

Pierre-Brice Hellsing
Stockholm
pierre-brice.hellsing
@spglobal.com

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