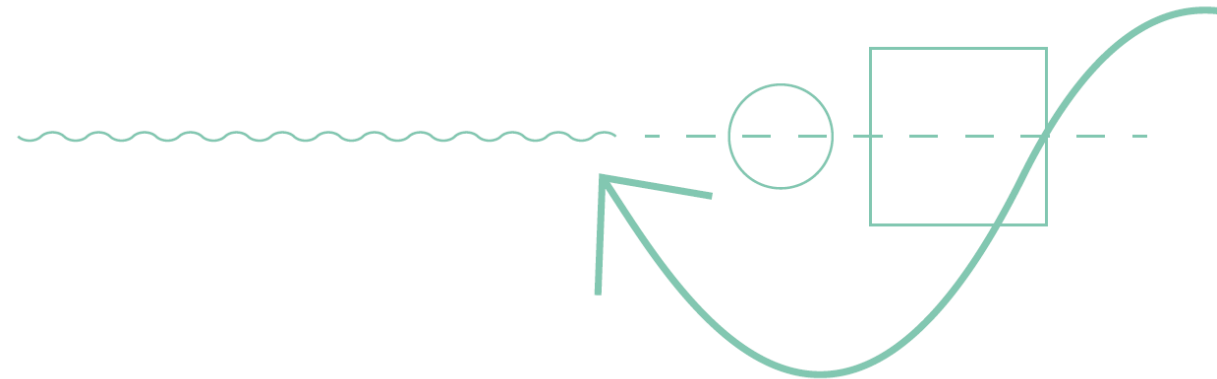




# SEA CARGO CHARTER

Aligning global shipping  
with society's goals



Here's how a group of  
**charterers** is contributing to  
**shipping's low carbon future**



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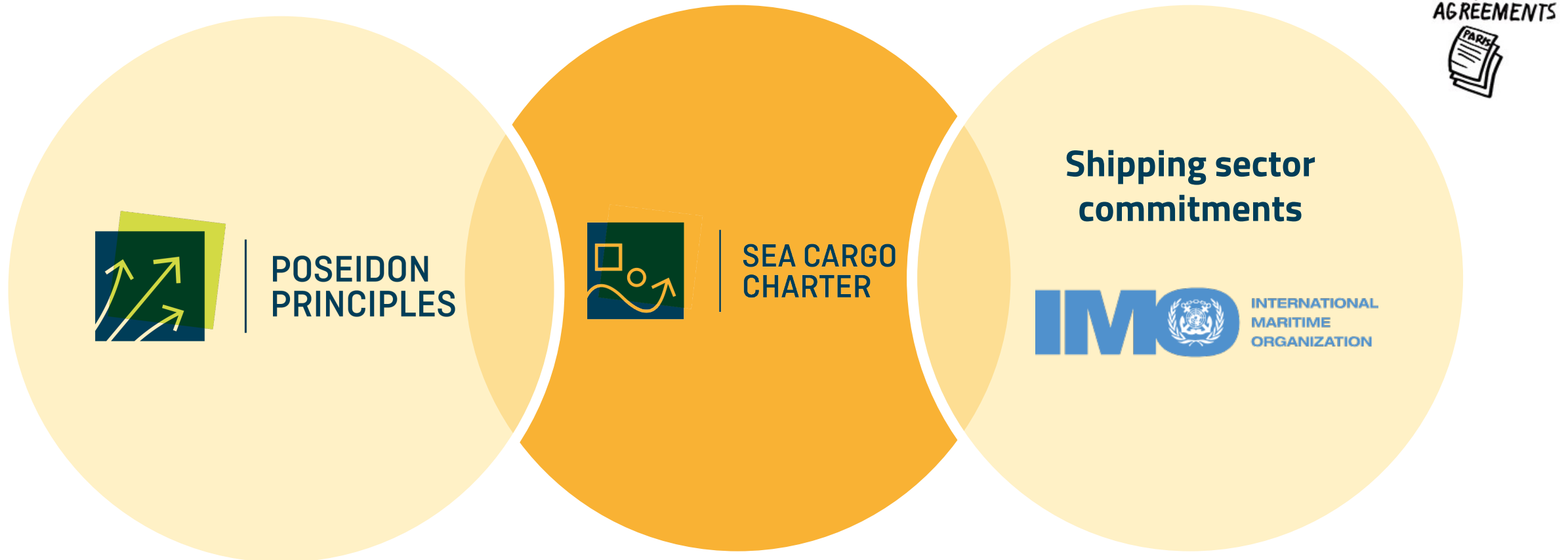


HD



SEA CARGO  
CHARTER

# How did the Sea Cargo Charter come to be?



The **Sea Cargo Charter** is a framework for assessing & publishing the climate alignment of our chartering activities.

It sets a standard for reporting emissions, thus enhancing transparency and creating a global baseline to support and work towards the greater goals for our society and the goal to align our maritime activities to be environmentally responsible.





How DID WE GET here?

POSEIDON PRINCIPLES  
for FINANCIAL INSTITUTIONS  
JUNE 2019

SEA CARGO  
CHARTER  
OCT 2020

POSEIDON PRINCIPLES  
for MARINE INSURANCE  
DEC 2021

IMO REVISED  
GHG AMBITION  
JULY 2023

APRIL 2018  
IMO SETS  
INITIAL  
AMBITION

APRIL 2018  
GMF

FINANCIAL  
INSTITUTIONS

MARINE  
INSURERS

CHARTERERS

SHIP  
OWNERS

“you CAN'T  
IMPROVE  
what you can't  
MEASURE”

the  
ECOSYSTEM

CLIMATE



MEASURE EMISSIONS...

TRANSPARENCY

# How did we get there?

- April 2018: IMO Agreement sets level of ambition
- June 2018: Workshop on climate risk and collective ambition for the Poseidon Principles in London
- September 2018 & April 2019: Workshops in Singapore and Geneva to gather feedback from a broad group of stakeholders on the development of the Sea Cargo Charter
- June 2019: Launch of the Poseidon Principles
- October 2019: Drafting group kick-off meeting at the Global Maritime Forum Annual Summit in Singapore
- November 2019 – March 2020: Drafting begins on initial principles, now known as the Sea Cargo Charter
- March 2020: Webinars to seek feedback on initial draft from a wider group of stakeholders
- March 2020 – July 2020: Drafting group finalizes the Sea Cargo Charter
- 7 October 2020: Launch of the Sea Cargo Charter at the Global Maritime Forum Virtual High-Level Meeting
- July 2023: IMO adopts revised GHG Strategy with increased ambition
- November 2023: 37 SCC signatories endorse 2023 IMO GHG Strategy and decide to expand to shipowners

# The Drafting Group

Industry:



Supported  
by:



GLOBAL  
MARITIME  
FORUM



Smart Freight  
Centre



# DRAFTING GROUP

# SIGNATORIES



37





# Objectives & Scope



## What is its objective?

To create a global baseline to support and work towards the greater goals for our society, and to align chartering activities to be environmentally responsible.



## Which environmental factors?

Climate alignment is currently the only environmental factor considered by the Charter.



## Who is the Charter for?

The Sea Cargo Charter is applicable to dry and wet bulk charterers as well as the disponent owners and all charterers in a charterparty chain.

## The Sea Cargo Charter must be applied by signatories in bulk chartering activities that are:

- On time and voyage charters, including contracts of affreightment and parceling, with a mechanism to allocate emissions and ballast voyages,
- For voyages carried out by dry bulk carriers, chemical tankers, oil (crude and product) tankers, and liquefied gas carriers,
- And where a vessel or vessels are engaged in international trade (excluding inland waterway trade).

All charterers are eligible to join:

- those with interest in the cargo on board;
- those who simply charter out the vessels they charter in;
- disponent owners;
- all charterers in a charterparty chain;
- companies involved in pools.

The Sea Cargo Charter expands its scope to shipowners in 2024

# Scope

Starting from 1 January 2022, vessels under 5,000 GT are included.

## Reporting to the Sea Cargo Charter is divided into four segments:

SEGMENT 1 – Charterparties where the signatory is the only time charterer and there is no charterparty chain or, if there is a charterparty chain, the signatory is the final time charterer

SEGMENT 2 – Charterparties where the signatory is the voyage charterer

SEGMENT 3 – Charterparties where the signatory is an intermediate time charterer in a charterparty chain, or the bareboat charterer.

SEGMENT 4 – Owned vessels: if, in addition to being a charterer on certain transactions, signatories or companies within the same group also own vessels, they can also choose to include voyage of their owned vessels in their reporting

Segments 1 and 2 are **mandatory**. Segment 3 is optional.

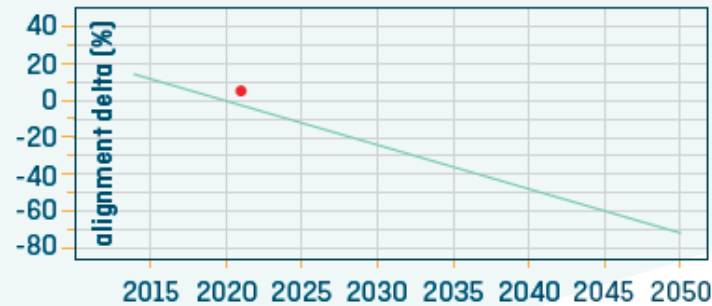
Segment 4 is optional and only open to signatories who are also reporting in Segments 1-3.

## Scope

# Four Principles

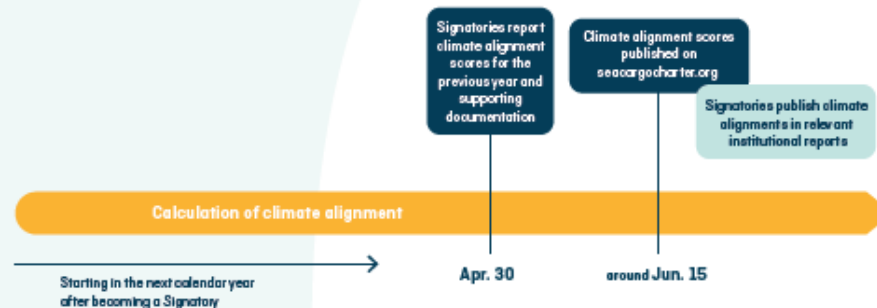
## 1. Assessment

Example of Annual Activity climate alignment score: 5.9%



Assessment of chartering activities' climate alignment using a standardised methodology.

## 3. Enforcement



Inclusion of recommended charter party clause in new business activities to ensure access to high-quality data.

## 2. Accountability



Signatories only use data types, sources and service providers identified in the Technical Guidance.

## 4. Transparency



Each signatory's climate alignment score is disclosed publicly in an Annual Report.

# Structure



## Principle 1

### Assessment

requires assessment of chartering activities' climate alignment & defines methodology for calculation.

## Principle 2

### Accountability

to ensure that information provided is practical, unbiased, & accurate, signatories use reliable data types, sources & pathways identified

## Principle 3

### Enforcement

to include the recommended Sea Cargo Charter Clause to ensure data collection is consistent with the commitments made by signatories.

## Principle 4

### Transparency

to ensure both the awareness of the Sea Cargo Charter, & that accurate information can be published by the Secretariat in a timely manner.



## Principle 1

# Assessment

“

We will annually assess climate alignment in line with the Technical Guidance for all chartering activities.

### Our Commitment

Signatories will measure the emission intensity of their chartering activities on an annual basis and assess their climate alignment relative to established decarbonisation trajectories. This assessment is based on a robust industry appropriate methodology outlined in the Technical Guidance. The requirement to assess climate alignment takes effect the calendar year after becoming a Signatory.

## IMO 2023 GHG Strategy

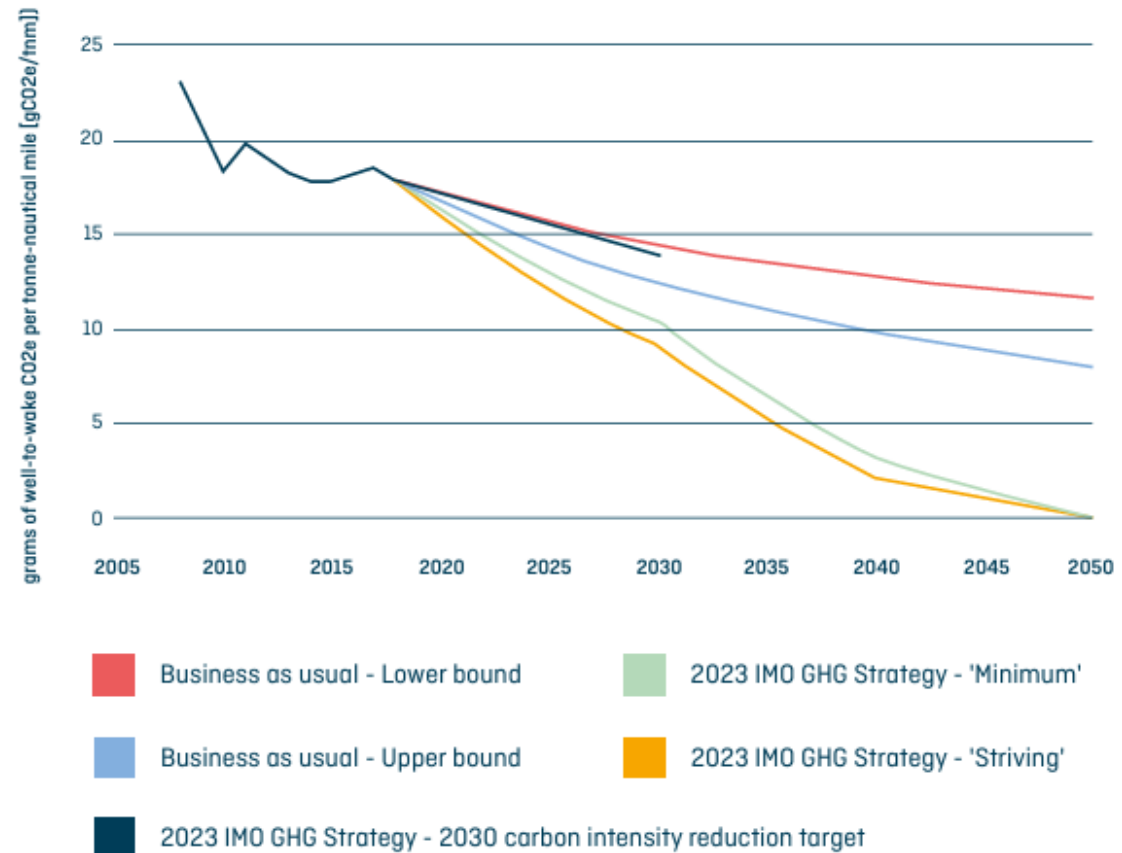
“to reach **net-zero emissions** by or around, i.e. close to 2050”

With indicative checkpoints:

“to reduce the total annual GHG emissions from international shipping by **at least 20%, striving for 30%, by 2030**, compared to 2008”

“to reduce the total annual GHG emissions from international shipping by **at least 70%, striving for 80%, by 2040**, compared to 2008”

Global fleet's emissions intensity targets and trajectories derived from the 2023 IMO GHG Strategy (grams of well-to-wake CO<sub>2</sub>e per tonne-nautical mile [gCO<sub>2</sub>e/tnm])



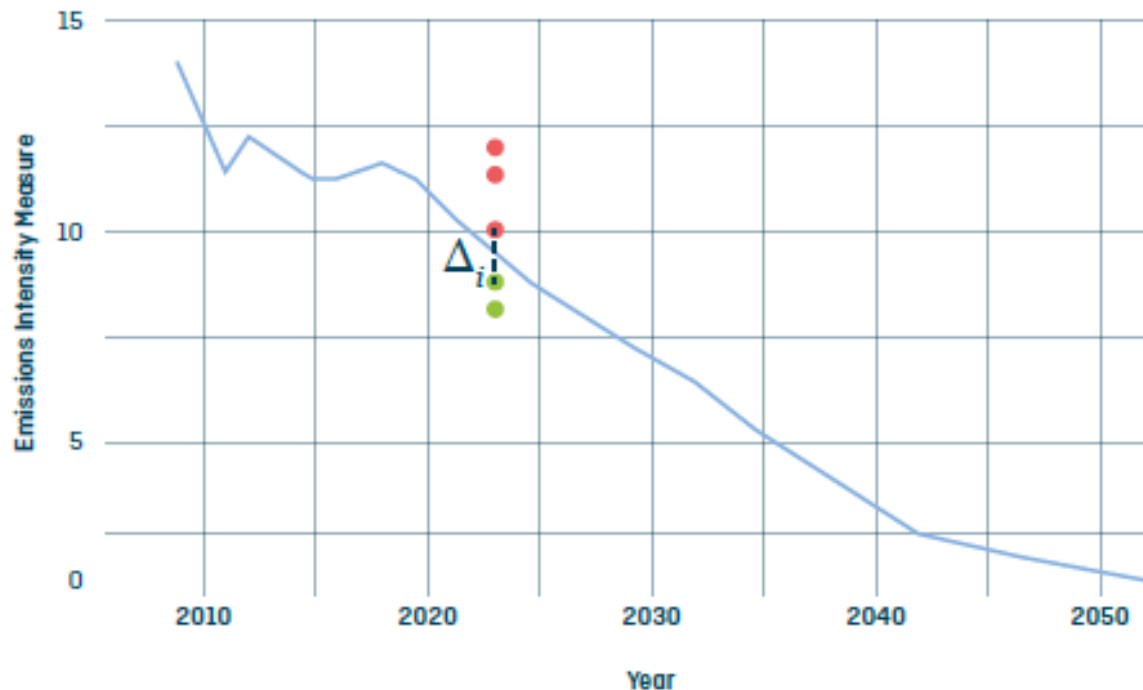
The absolute targets are converted into a relative emissions intensity target to have a methodology better-suited for voyage-level comparison of emissions.

## Ambition of the Sea Cargo Charter



## Calculating climate alignment

Climate alignment = degree to which voyage emissions intensity of a vessel category is in line with a decarbonisation trajectory



## Decarbonisation trajectory

A decarbonisation trajectory is a representation of how many grams of CO<sub>2</sub>e can be emitted to move one tonne of goods one nautical mile (gCO<sub>2</sub>e/tnm) over a time horizon to be in line with the IMO Absolute Target.

The method used for establishing the decarbonisation trajectory up to 2050 is derived from emission and transport work data from the Fourth IMO GHG Study.

## EEOI metric to calculate carbon intensity

EEOI is a carbon intensity metric which produces the closest measure of the vessel's true carbon intensity in operation to a high level of granularity.

Data required:

- fuel consumption (ballast & laden legs)
- fuels GHG emission factor
- distance traveled
- cargo transported

# Methodology in a nutshell

1.

Calculate voyage alignment

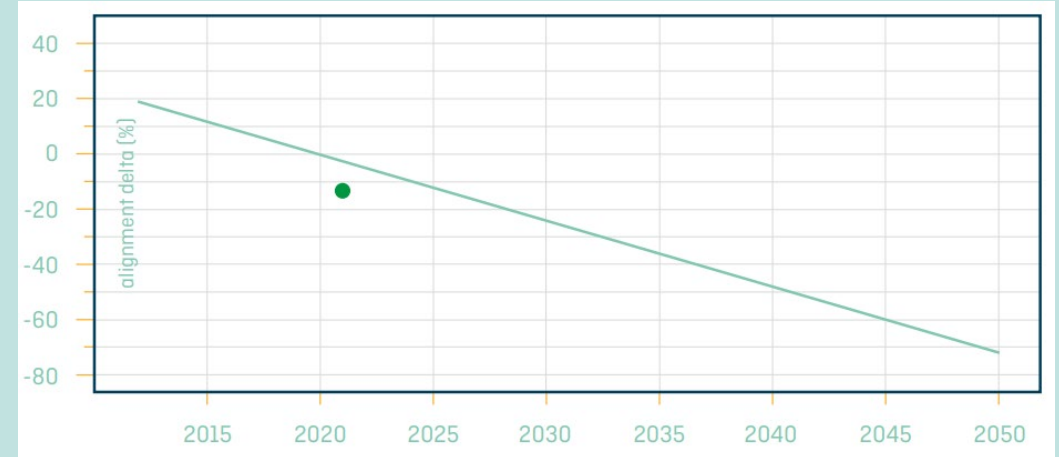
2.

Calculate vessel category alignment

3.

Calculate annual activity alignment

## Calculating climate alignment



A positive alignment score means a voyage is **misaligned** (above the decarbonisation trajectory).

A negative or zero score means a voyage is **aligned** (on or below the decarbonisation trajectory).

A detailed overview of the methodology is to be found in the [Technical Guidance](#).

## Principle 2

# Accountability

“

We recognise the important role that verification mechanisms play in providing unbiased information to the industry. We will make our best effort to rely on such mechanisms, and any mandatory regulations, as explicitly identified in the Technical Guidance, for the provision of information used to assess and report on climate alignment.

### Our Commitment

For each step in the assessment of climate alignment, signatories will rely exclusively on the data types, data sources, and reporting pathways identified in the Technical Guidance.



# Accountability Requirements

- Specific accountability requirements regarding data types, data sources, and the use of service providers are stated at each step.

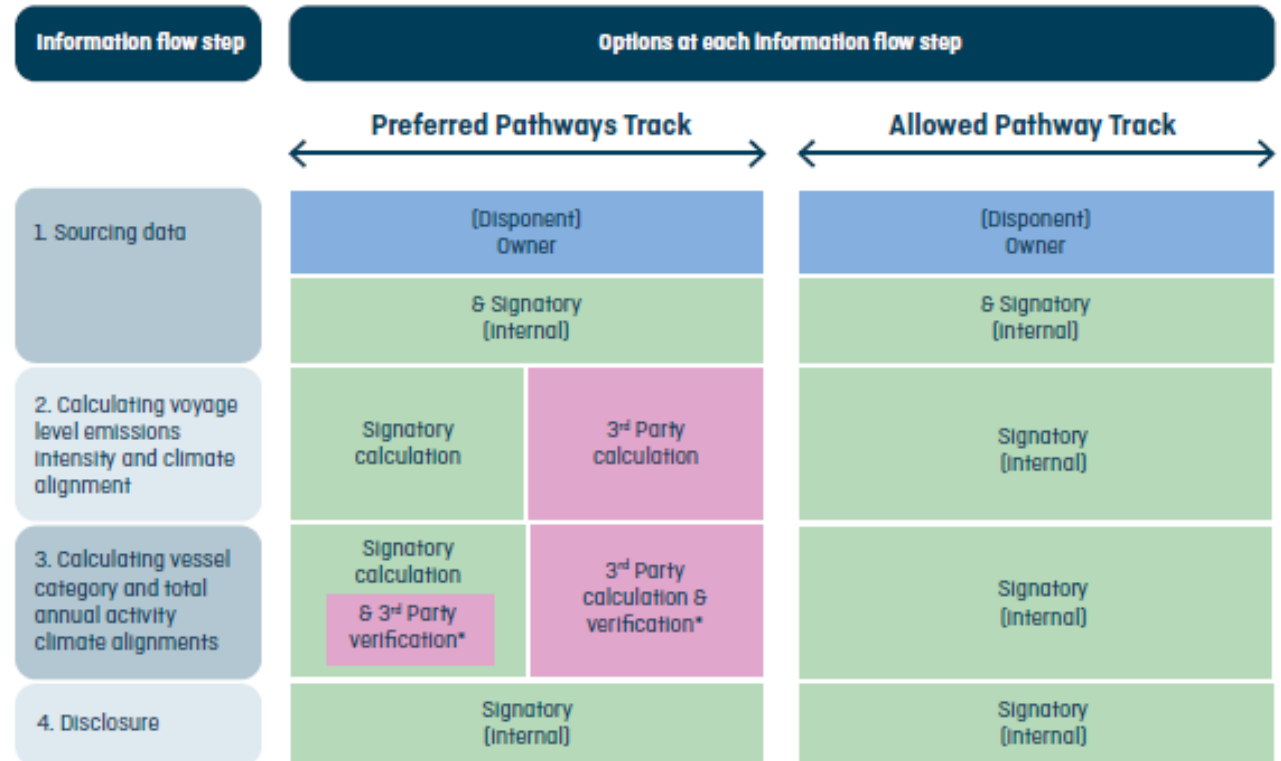
Step 1: Sourcing Data

Step 2: Calculating voyage level emissions intensity & alignment

Step 3: Calculating climate alignment of chartering activities

Step 4: Disclosure

- Two pathways:
  - Preferred pathway is recommended – includes verification mechanisms to maintain data veracity.

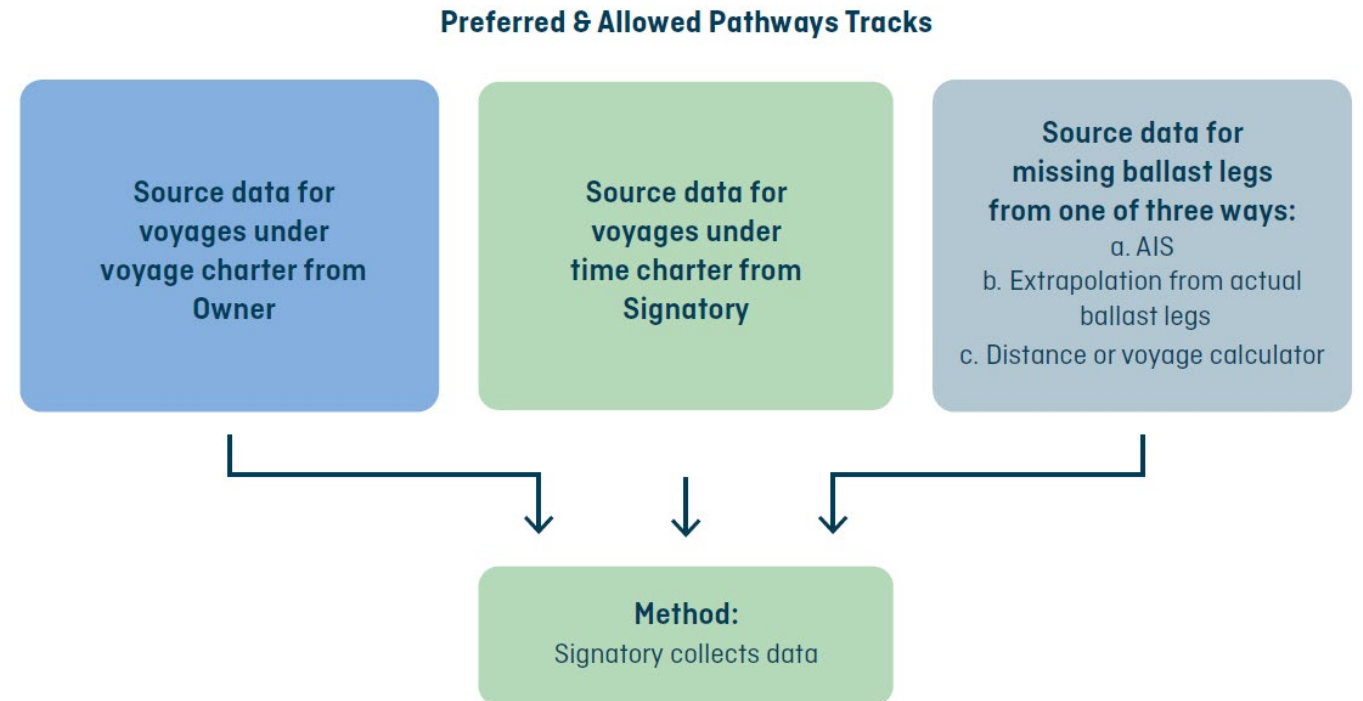


\*E.g. using the Indicative Verification Guidelines provided by the signatory

# Accountability

## Step 1: Sourcing Data

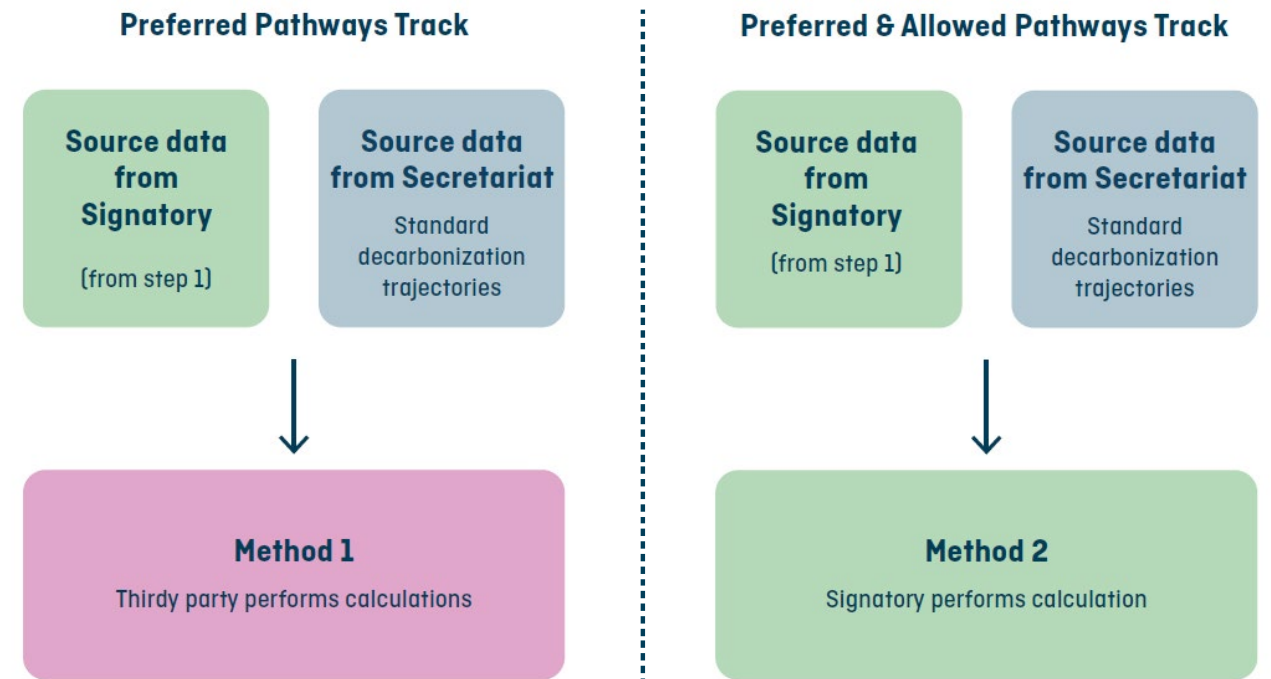
- One method for both pathway tracks
- Data sourced from:
  - Owner → voyage charter (together with noon/voyage reports)
  - Signatory → time charter
  - Estimated data → missing ballast legs
- Ensured by a recommended charter party clause



# Accountability

## Step 2: Calculating voyage level emissions intensity & alignment

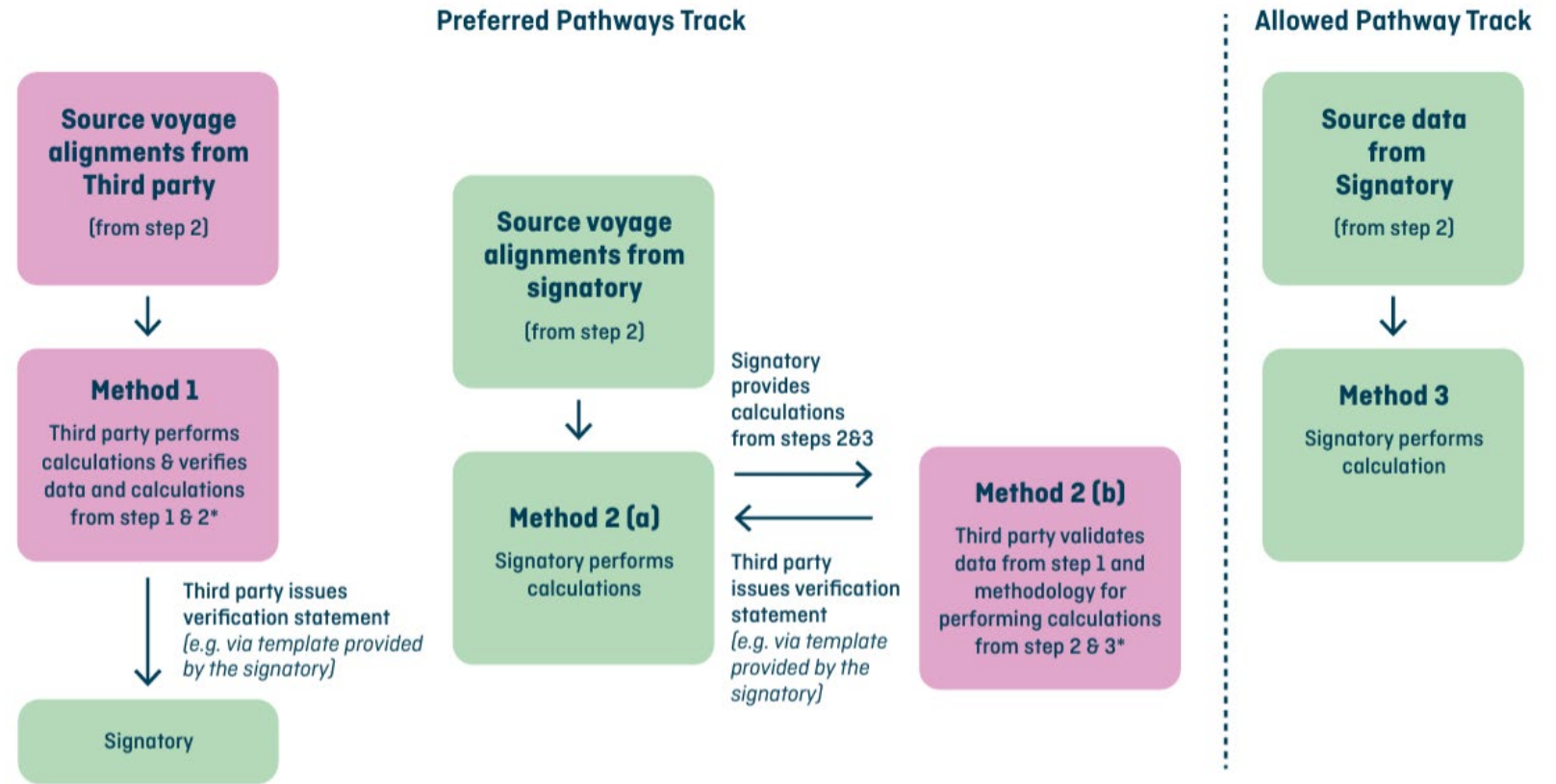
- Calculation of:
  - Voyage emissions intensity (EEOI)
  - voyage decarbonisation delta
- 2 methods for undertaking the calculations: either internally by the signatory itself or by a third party.
- Source standard decarbonisation trajectories from the Secretariat.



# Accountability

## Step 3: Calculating climate alignment of chartering activities

- Calculation of:
  - vessel category climate alignment
  - overall climate alignment
- 3 methods for undertaking these calculations:
  - preferred pathway includes verification of data and methodology by a third party (verification statement)



# Accountability

## Step 4: Disclosure

- One method for both pathway tracks.
- Additional information submitted to the Secretariat (will not be made public) to establish a quality control mechanism.
- **Signatory Reporting Template** is available on the website for a standardised disclosure by all signatories.

Note: Disaggregated data at a voyage level are NOT shared with the Secretariat

### Signatory reporting requirements

#### Becomes public

- Vessel category climate alignment
- Total annual activity climate alignment
- Scope's segments included in activities reported

#### Only shared with Secretariat and other Signatories

- Percentage of eligible chartering activities non-reporting.
- Percentages of eligible chartering activities for which preferred and allowed tracks were used.
- Percentages of eligible chartering activities for which measured and estimated data were used, and the source for estimated data.
- A list of the names of the third parties it used, if any, to complete steps 2 and 3 and the associated verification statement / report.



## Principle 3

# Enforcement

“ We will ensure ongoing compliance with the Sea Cargo Charter for new chartering activities through contractual means by using the Sea Cargo Charter Clause in charter parties. We will contribute to the update of the Sea Cargo Charter Clause through the annual review process.

### Our Commitment

Signatories will agree to work with owners, disponent owners and business partners to collect and process the information necessary to calculate emission intensity, total GHG emissions and assess climate alignment.

# Meeting enforcement requirements

- Sea Cargo Charter Clause - recommended charter party clause
- Included as part of the charter party agreement negotiated with the contractual counterparty.
- Ensures provision of data and consent for sharing data (with third party) and establishes appropriate privacy protections.
- Supported by Data Collection Templates (TC&VC & general parceling, chemical parceling) to support data collection.
- Supported by Indicative Verification Guidelines provided by the Secretariat.



## Principle 4

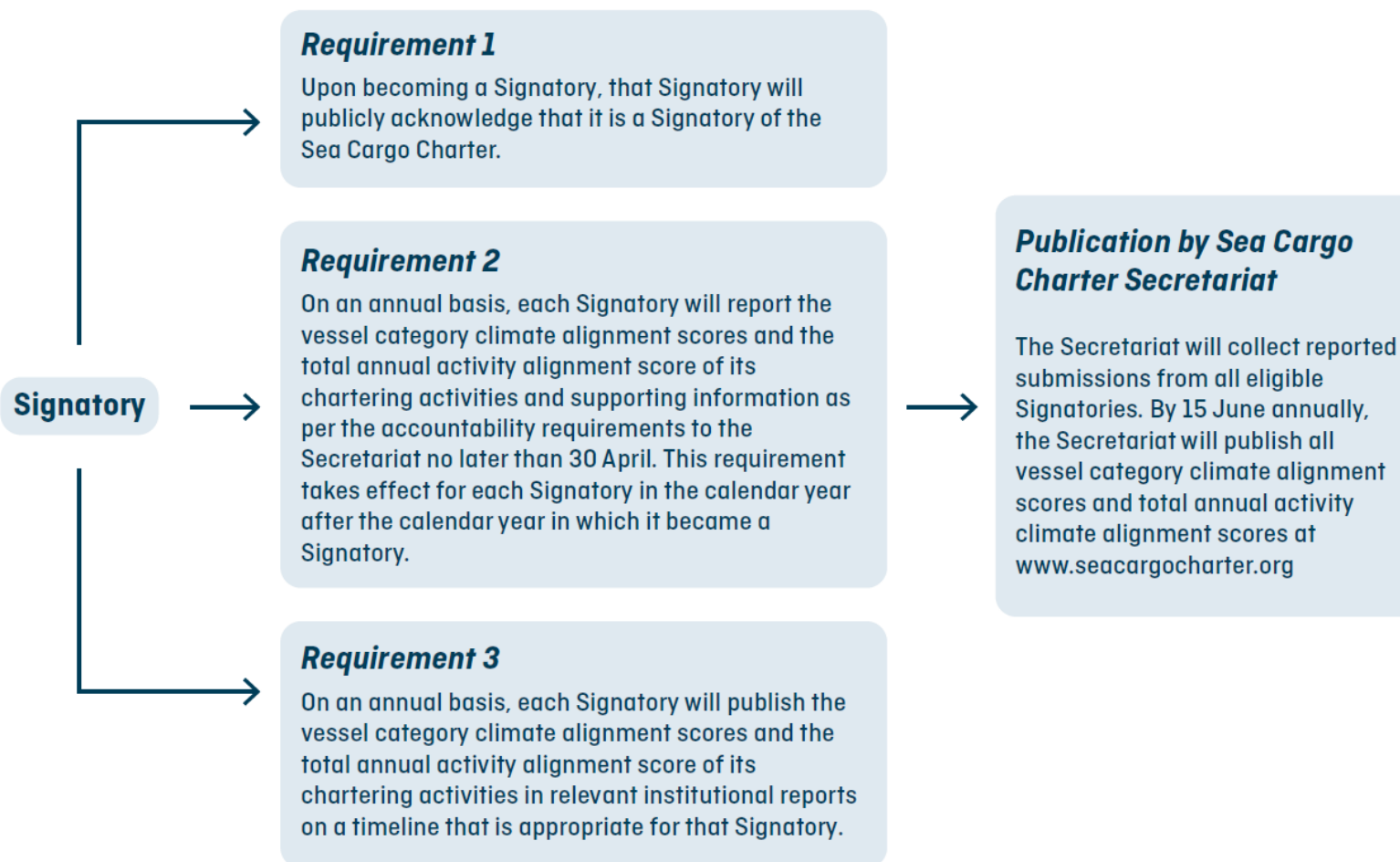
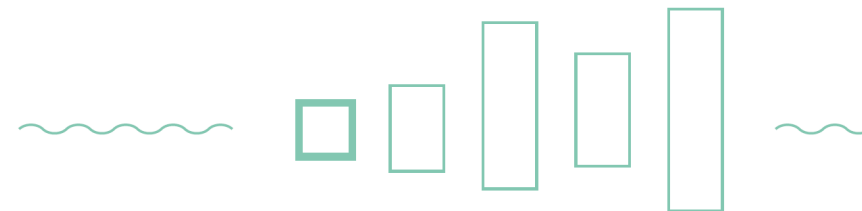
# Transparency

“ We will publicly acknowledge that we are a signatory of the Sea Cargo Charter and we will publish the results of the climate alignment scores of our chartering activities on an annual basis in line with the Technical Guidance.

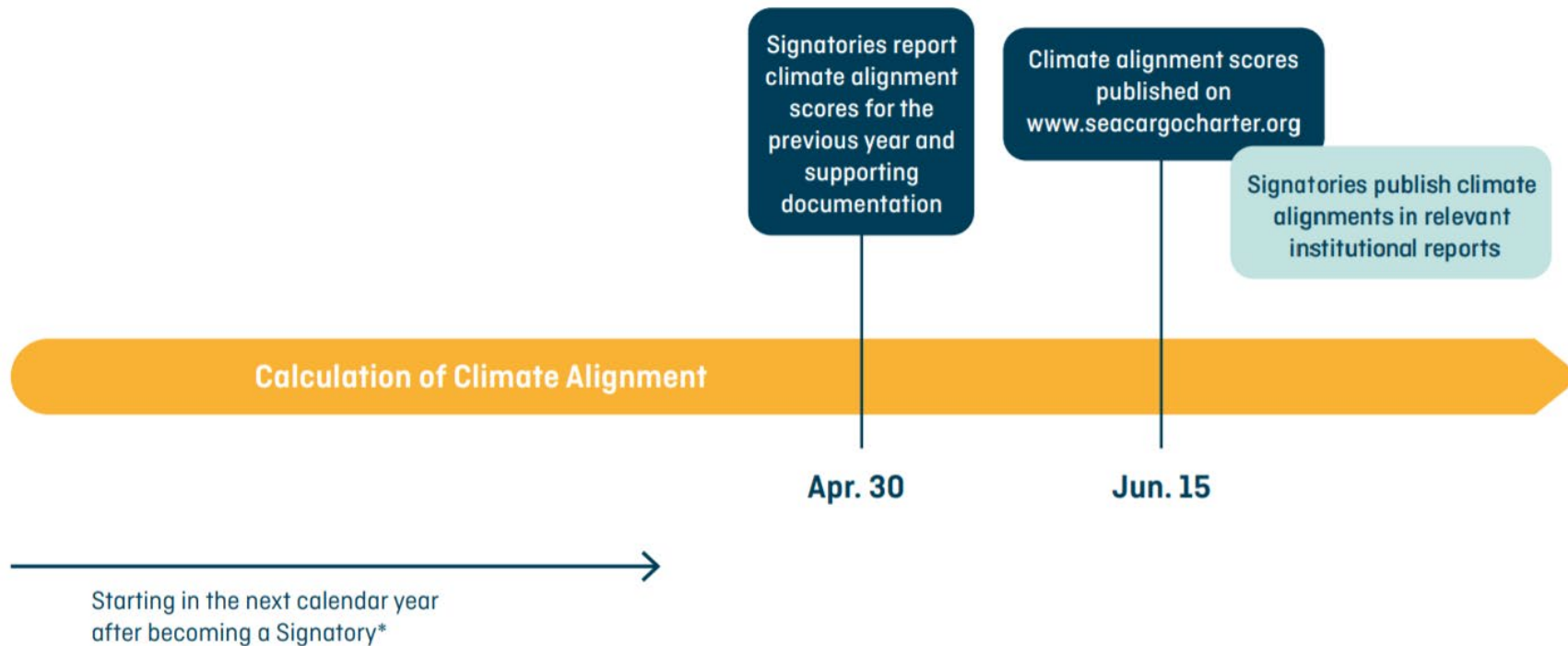
### Our Commitment

1. Upon becoming a signatory, the signatory will publicly acknowledge that it is a signatory.
2. On an annual basis, each signatory will report the vessel category climate alignment scores and total annual activity climate alignment score of its chartering activities and supporting information to the Secretariat no later than April 30 (starting on the calendar year after the year of becoming a signatory).
3. On an annual basis, each signatory will publish their climate alignment scores in relevant institutional reports on a timeline that is appropriate for that signatory (starting on the calendar year after the year of becoming a signatory).

# Transparency requirements



# Reporting timeline



\*The first calendar year of reporting, the signatory reports on its chartering activities for the previous year (year of becoming a signatory), starting from the next fiscal quarter date after the date of becoming a signatory. Fiscal quarters starting dates are set as follows: Q1 - January 1st, Q2 - April 1st, Q3 - July 1st, Q4 - October 1st.

Starting from the second calendar year of reporting, the signatory reports on the entire previous calendar year.



# Annual Disclosure Report 2023

- 33 signatories reported the climate alignment of their chartering activity for 2022.
- Together, these 33 signatories moved over 17% of total bulk cargo transported by sea in 2022.
- 14 signatories were aligned with the IMO's goal of reducing shipping emissions by at least 50% by 2050.
- Signatories were on average +1.7% misaligned with the decarbonisation trajectory in 2022 (simple average).
- Scores ranged from -21.8% (aligned) to +21.4% (misaligned).



# Annual Disclosure Report

- For the second time, some of the world's largest energy, agriculture, mining, and commodity trading companies publish the **climate alignment of their shipping activities**.
- Signatories gained **unprecedented insights**. This access to new data allows them to:
  - better understand the climate impacts of their business activities;
  - work with their business partners in driving emissions efficiency;
  - support operational and strategic decision-making with real data.

GET THE REPORT HERE



# Governance

- The Sea Cargo Charter is governed by a separate legal entity, the Sea Cargo Charter Association, whose object is the management, administration, and development of the Charter. All signatories are members of the Association.
- Led by a **Steering Committee** made up of 10 to 15 Signatories.
- Global Maritime Forum acts as the Secretariat with UMAS and Smart Freight Centre as Advisory.
- Self-funded by signatory organisations.



# Becoming a signatory





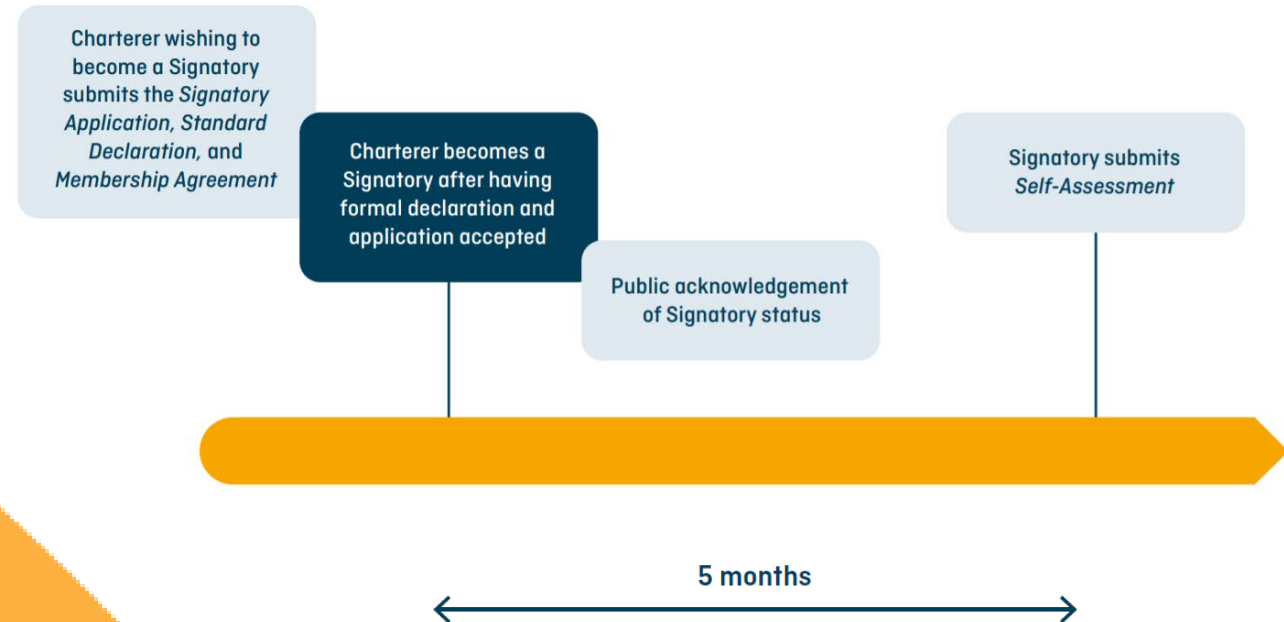
# How to become a signatory

## STEP 1

- Submit Standard Declaration (formal commitment)
- Submit Signatory Application Form (contacts & practical information)
- Submit signed Membership Agreement (agreeing with rules of the Association)

## STEP 2

- Prepare and submit the Self-Assessment within 5 months of becoming a Signatory



# Fees

There are two different kinds of fees:

## Signatory Fee

The signatory Fee is a one-time payment when becoming a member of the association

€10,000 in 2024

## Annual Fee

Paid annually. In the first year, the Annual Fee is required in addition to the signatory Fee.

€8,500 in 2024



# | Why joining?

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## Why become a Signatory?

- 1.** Commitment to transparency
- 2.** Report climate alignment, but no league table
- 3.** Assess progress in decarbonisation
- 4.** Build organisational learning on decarbonisation



# | Why joining?

## The benefits for our signatories



- Contributing to an initiative that is ground-breaking in the spheres of shipping and transparency: align with societal goals and contribute to the decarbonisation efforts.
- Understanding of climate alignment of your chartering activities.
- Inform decision-making: access to valuable asset-level information that can be used to assess potential climate risks that may impair returns in the future.
- Incorporate climate change mitigation in business practices.
- Benefit of being part of a network of like-minded organisations; support & exchange of best practices within the Association.

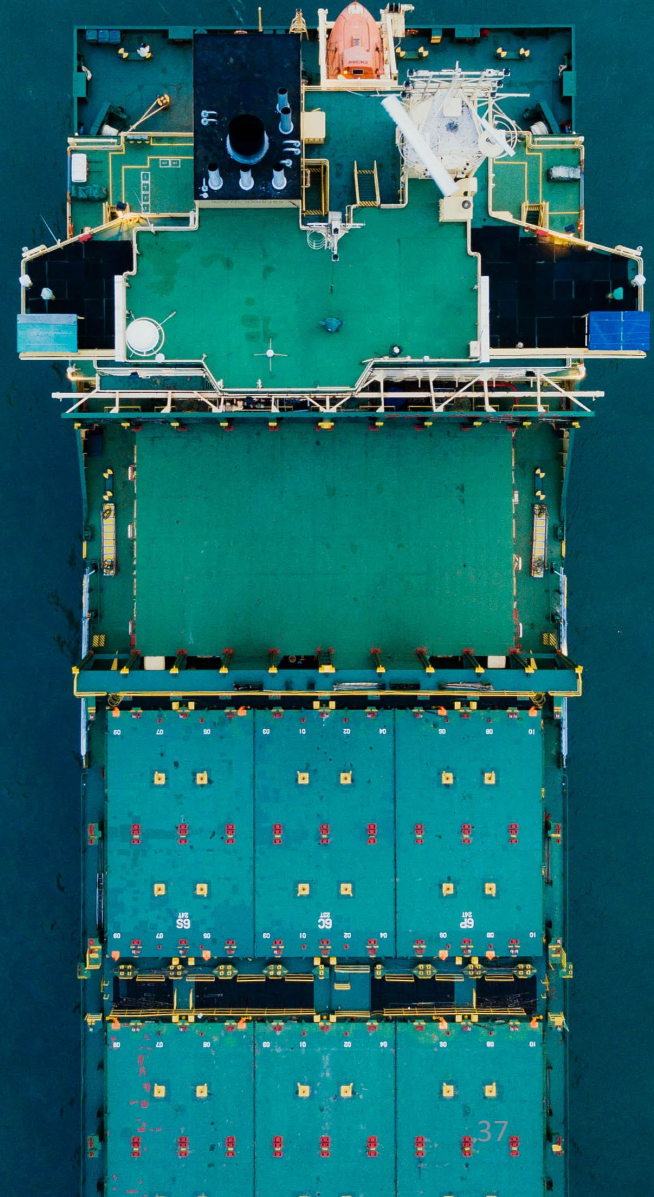
# Future developments



Scope  
expansion to  
shipowners

2024

The Sea Cargo Charter Association is expanding its scope to shipowners in spring 2024.



*\*The Charter is intended to evolve over time to remain relevant and impactful. Signatories can decide on other reviews when seen appropriate.*



# THANK YOU

Please send any questions to the Secretariat of the Sea Cargo Charter Association at:

[info@seacargocharter.org](mailto:info@seacargocharter.org)

Resources & more information can be found at:

[www.seacargocharter.org](http://www.seacargocharter.org)

[LinkedIn](#)

[Twitter](#)

[Facebook](#)

