The Sea Cargo Charter
Frequently Asked Questions

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Background

What is the role of shipping and chartering?

The maritime sector has provided efficient economic services that have played a key role in enabling the growth of global trade and global economic development. However, this has not been without some adverse consequences unique to the maritime sector. The continued success of the maritime sector is intrinsically linked to the well-being and prosperity of society. Therefore, all industry participants must play a role in addressing adverse consequences.

The Sea Cargo Charter was developed in recognition of charterers’ role in promoting responsible environmental stewardship throughout the maritime value chain. They are an initiative unique to charterers and bridge climate change commitments set out by the International Maritime Organization (IMO) as well as the corporate expanding environmental expectations.

The Sea Cargo Charter was developed through a global consultation. The Charter borrows the concept of creating globally agreed common baselines that can act as established minimum standards from the Poseidon Principles. By making valuable asset-level climate alignment data available to Signatories, the Sea Cargo Charter is supportive of the United Nations’ Sustainable Development Goals, the Global Logistics Emissions Council (GLEC) Framework, the Carbon Disclosure Project (CDP), Energy Transitions Commission, and the many others that are developing to address adverse impacts.

What is the IMO and what did they decide regarding GHG emissions?

The IMO (International Maritime Organization) is the United Nations’ specialized agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships. The IMO approved an Initial Greenhouse Gas (GHG) Strategy in April 2018 to reduce GHG emissions generated by shipping activity. This Initial Strategy sets out the following levels of ambition:

1. To reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008 – so called Absolute Target.

2. To reduce CO₂ emissions per transport work by at least 40% by 2030, pursuing efforts towards 70% by 2050 compared to 2008 – so called Intensity Target.

According to the IMO, the shipping industry’s governing body, the sector currently accounts for 2.89% of global anthropogenic emissions. Left unchecked, shipping emissions are expected to grow by 90-130% by 2050 (IMO, 2020).

While CO₂ represented almost all of the industry’s GHG emissions (98%), methane (CH₄) emissions from ships increased over this period (particularly over 2009–2012) due to increased activity associated with the transport of gaseous cargoes by liquefied gas tankers due to methane slip. There is potential for this trend to continue in the future if shipping moves to liquefied natural gas (LNG)-powered ships.

Nations pledged in the 2015 Paris Agreement “to achieve a balance between anthropogenic emissions by sources and removals by sinks of GHG in the second half of this century” (UNFCCC, 2015). This means getting to “net zero emissions” between 2050 and 2100. 2050 therefore represents a key milestone in the Paris Agreement, which the IMO explicitly references in its Strategy. The Intergovernmental Panel
on Climate Change (IPCC) has quantified this target through a specific limit to a global temperature rise due to anthropogenic emissions of not more than 1.5°C compared to pre-industrial levels.

The Strategy does not secure 1.5°C or show efforts have been pursued to achieve this. Immediate action to increase the ambition of the Strategy will be required to urgently peak and reduce GHG emissions in line with 1.5°C. IMO MEPC meetings in 2023 will be crucial to updating the Strategy and putting more ambitious measures for rapid reduction of GHG emissions in place.

**The Sea Cargo Charter**

**What is the Sea Cargo Charter?**

The Sea Cargo Charter is a framework for assessing and disclosing the climate alignment of chartering activities. The Sea Cargo Charter creates common global baselines that are consistent with and supportive of society’s goals to better enable charterers to align their chartering activities with responsible environmental impacts. The four principles constituting the Sea Cargo Charter are:

1. Assessment
2. Accountability
3. Enforcement
4. Transparency

**What is the objective of the Sea Cargo Charter?**

The Sea Cargo Charter 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 charterers’ maritime activities to be environmentally responsible. The objective is to organize a group of aligned and committed charterers to take ownership of a set of principles to integrate climate considerations into charterparties, consistent with the climate-related goals of the IMO.

The Charter aims to be voluntary, practical to implement, verifiable, fact-based, and effective. Signatories commit to implementing the Charter in their internal policies, procedures, and standards.

The Charter is intended to evolve over time following a regular review process to ensure that the Charter is practical and effective, is linked to and supports the IMO’s GHG measures developed through 2023, and that further environmental factors are identified for inclusion.

**What is the objective of each of the principles?**

**Principle 1 - Assessment of climate alignment**

This principle provides step-by-step guidance for measuring charterers’ climate alignment with the agreed climate target. It establishes a common methodology for calculating the carbon intensity and total GHG emissions, and thus also provides the input needed to track the decarbonization trajectories used to assess Signatories’ alignment.

**Principle 2 - Accountability**

To ensure that information provided under the principles is practical, unbiased, and accurate, it is crucial that Signatories only use reliable data types, sources, and service providers.

**Principle 3 - Enforcement**

This principle provides the mechanism for meeting the requirement of the Sea Cargo Charter. It also includes a recommended charter party clause, the Sea Cargo Charter Clause, to ensure data collection.
While the wording of the Sea Cargo Charter Clause is strongly recommended, it is not compulsory for Signatories. However, if all Signatories start using it, it will de facto be in common usage.

Principle 4 - Transparency
The intent of the transparency principle is to ensure both the awareness of the Sea Cargo Charter and that accurate information can be published by the Secretariat in a timely manner. Furthermore, transparency is key in driving behavioral change.

What is the scope of the Sea Cargo Charter, and why?
Climate alignment is currently the only environmental factor considered by the Sea Cargo Charter. This scope will be reviewed and may be expanded by Signatories on a timeline that is at their discretion.

All charterers are eligible to join the Sea Cargo Charter: 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 must be applied by Signatories in all bulk chartering activities that are:

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

Until 31 December 2021, vessels under 5000 gross tonnage are excluded. Starting from 1 January 2022, vessels under 5000 GT are also included.

In recognition of the diversity of a charterer’s role, the Sea Cargo Charter adopts a twin approach: firstly, flexibility as to the Signatories’ choice of reporting segments, so as to encourage the widest adoption possible; secondly, certain minimum reporting requirements so as to maximize impact. This results in four reporting segments.

What segments do Signatories report in?

- 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.

When was the Sea Cargo Charter officially launched?
The Sea Cargo Charter was launched at the Global Maritime Forum Virtual High-Level Meeting on 7 October 2020.
Who has been involved in developing the Sea Cargo Charter?

Workshops and presentations were held in late 2018-early 2019 in Singapore and Geneva to elicit feedback from a wide group of stakeholders (charterers and owners) on the development of the Sea Cargo Charter. The development of the Sea Cargo Charter was led by a drafting group constituted in October 2019 and chaired by Jan Dieleman, President of Cargill Ocean Transportation. The drafting group was spearheaded by representatives from all major segments in the industry – Anglo American, Dow Chemical, Euronav, Norden, Stena Bulk, Total, Trafigura - with support from Stephenson Harwood and in collaboration with the Global Maritime Forum, UMAS, and Smart Freight Centre.

Were shipowners involved in the discussions of the Sea Cargo Charter?

Shipowners of varying sizes and geographies have been engaged and consulted throughout the process of developing the Sea Cargo Charter and some shipowners were members of the drafting group.

Have international groups and NGOs been involved?

The Global Maritime Forum, Smart Freight Centre, and UMAS have been part of this work since its inception. They have also been working with other initiatives – such as the Poseidon Principles – to ensure that various initiatives within the shipping sector are compatible.

A broader group of NGOs and other stakeholders have been kept informed throughout the process.

How is the Sea Cargo Charter related to the Poseidon Principles?

The ambition to develop the Sea Cargo Charter finds its source is the very early stages of the Poseidon Principles. The four core principles are the same for both the Poseidon Principles and the Sea Cargo Charter, but the two frameworks rely on different metrics. The Poseidon Principles use AER and can, therefore, rely on the IMO DCS to collect data, while the Sea Cargo Charter uses EEOI and thus have a different approach to source data.

What are the elements that will be addressed in future reviews of the Sea Cargo Charter?

Signatories to the Sea Cargo Charter recognize that the Charter is intended to evolve over time and agree to contribute to a review process when they, as Signatories, decide to undertake it. This process
will ensure that the Sea Cargo Charter is practical and effective, is linked to and supports the goals set by the IMO, and that further adverse impacts are identified for inclusion.

Elements considered for future reviews include (the following list is not exhaustive):

1. The Sea Cargo Charter aims at including fuels’ lifecycle emission factors in the methodology.
2. The quantification of GHG emission intensity according to the Sea Cargo Charter is currently expressed in terms of CO₂ emissions with the intent to move to CO₂-equivalent in the future.
3. Signatories recognize that more urgent action is needed to keep global temperature rise below 1.5°C from pre-industrialized levels and shipping has a crucial role to play. Therefore, they support the intention to strengthen the Sea Cargo Charter’s ambition level toward a 1.5°C climate alignment, in line with the latest science and expectations of society.

**Becoming a Signatory**

**Who can be a Signatory?**

All charterers are eligible to join the Sea Cargo Charter: 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.

While the Sea Cargo Charter has been primarily developed for the traditional cargo owners, many shipowners, even though this is not their primary activity, also have significant chartering activities and can thus become Signatories to the Sea Cargo Charter, too.

**What is the benefit of becoming a Signatory?**

Becoming a Signatory of the Sea Cargo Charter creates a standardized method to request information from owners and measure climate alignment in a way that is useful for the industry for meeting the IMO’s Initial Strategy. This not only allows Signatories to benchmark themselves vis-à-vis other Signatories but also provides them with a better understanding of their emissions related to their chartering activities, which have become increasingly important in their relationship with business partners, lenders, shareholders, etc.

**What is the process of becoming a Signatory?**

Organizations wishing to become a Signatory of the Sea Cargo Charter must submit the Standard Declaration, Signatory Application, and Membership Agreement to the Secretariat of the Sea Cargo Charter Association. Once accepted into the Association, the Signatory has five months to complete and submit the Self-Assessment to the Secretariat. All documents are available from the Secretariat.
What is the purpose of the Standard Declaration?
The Standard Declaration is the formal commitment required of charterers to become a Signatory. It announces the intent of the charterer to follow all requirements of the Charter. The Standard Declaration is available from the Secretariat.

What is the purpose of the Signatory Application?
Along with the Standard Declaration, a charterer wishing to become a Signatory must complete the Signatory Application. This document outlines who is responsible for contact, reporting, invoicing, and other necessary functions to implement and maintain the Sea Cargo Charter within the Signatory’s organization. The Signatory Application is available from the Secretariat.

What is the purpose of the Membership Agreement?
The third document an organization must submit in order to become a Signatory to the Sea Cargo Charter is the Membership Agreement. This document outlines legal obligations for Signatories and rules of The Sea Cargo Charter Association, which Signatories are automatically members of. The Membership Agreement is available on the website.

What is the purpose of the Self-Assessment?
The purpose of the Self-Assessment is to ensure that each Signatory has made appropriate arrangements to fulfil its obligations under the Sea Cargo Charter and identified any challenges in doing so. The Self-Assessment is as brief as possible to reduce the administrative burden, while still addressing the core responsibilities of Signatories to the Sea Cargo Charter. The Self-Assessment questions are available from the Secretariat.

How does this fit with other initiatives?
The Sea Cargo Charter is designed from and in line with the Poseidon Principles and is also intended to support other initiatives, such as the United Nations’ Sustainable Development Goals, the Global Logistics Emissions Council (GLEC) Framework, the Carbon Disclosure Project (CDP), Energy Transitions Commission, and the many others that are developing to address adverse impacts.
What are the fees for Signatories?

The Signatory Fee for 2022 is EUR 10,000 and is paid to The Sea Cargo Charter Association upon becoming a Signatory. The Annual Fee for 2022 is EUR 7,500 and is paid annually to The Sea Cargo Charter Association in accordance with the Governance Rules. In the first year, the Annual Fee is required in addition to the Signatory Fee.

Because the budget of The Sea Cargo Charter Association is set in euros, the fees are also collected in euros to avoid currency risks.

I’m not a charterer – can I endorse the Sea Cargo Charter?

The Sea Cargo Charter is only applicable to charterers: 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.

Currently, there is not an official way to endorse or formally support the Sea Cargo Charter. Please contact the Sea Cargo Charter Secretariat to register your interest so that you can be contacted should a pathway for endorsement become available.

I’m a third party / service provider – can I endorse the Sea Cargo Charter?

The “preferred pathway” information flow in the Sea Cargo Charter methodology recommends the use of verification mechanisms (from third parties / service providers) to maintain data veracity. While the Sea Cargo Charter recognizes the important role that verification mechanisms play in providing unbiased information to the industry, the Sea Cargo Charter Secretariat does not formally endorse any service provider.

Signatories are free to work with any third party / service provider of their choice. It is their responsibility to ensure that the provider performs services for them using the latest available Sea Cargo Charter methodology.

Climate alignment

What is climate alignment?

For the purposes of the Sea Cargo Charter, climate alignment is defined as the degree to which voyage carbon intensity of a vessel category is in line with a decarbonization trajectory (produced by the Secretariat of the Sea Cargo Charter based on agreed and clearly stated assumptions) that meets the IMO’s goal of reducing total annual GHG emissions by at least 50% by 2050 based on 2008 levels (absolute target). The IMO Initial Strategy’s Absolute Target exceeds the Intensity Target of reducing GHG emissions by 40% by 2030 and 70% by 2050. As such, meeting the Absolute Target ensures that all IMO Initial Strategy objectives are achieved and therefore, the Sea Cargo Charter applies the Absolute Target to benchmark Signatories’ data.

Alignment means that the annual activity of a Signatory is in line with the decarbonization trajectories over time. This may not happen every year; however, one or two misaligned years do not mean that it is impossible for the annual activity to align. It may take time to establish a downward trend in line with the trajectory over time.

What is carbon intensity? How is it measured?

In shipping, carbon intensity represents the total operational emissions generated to complete one unit of transport work, which is measured in grams of CO₂ per tonne-nautical miles. For the Sea Cargo Charter, this is measured using a carbon intensity measure known as Energy Efficiency Operating Indicator (EEOI), which is reported in unit grams of CO₂ per tonne-nautical mile (gCO₂/tnm).
What is a decarbonization trajectory?

In the context of the Sea Cargo Charter, a decarbonization trajectory is a representation of how many grams of CO₂ can be emitted to move one tonne of goods one nautical mile (gCO₂/tnnm) over a time horizon to be in line with the IMO’s minimum threshold of 50% absolute emissions reduction.

The trajectory represents a gradual and consistent rate of improvement year-on-year, which is represented by a straight line between 2012 and 2050. The rate of reduction per year is relative to the last historical data point (2012) and can be obtained using the following formula: \[ y = -0.0198450665x + 40.9282738310 \]

Who produces the decarbonization trajectory?

The Secretariat and official Advisors of The Sea Cargo Charter Association provide the standard decarbonization trajectory based on agreed and clearly stated assumptions, derived from emission and transport work data from the Fourth IMO GHG Study. Any update will be undertaken in due course based on updated data or scientific evidence.

The decarbonization trajectory is consistent with the IMO Strategy’s minimum threshold of a 50% reduction of absolute carbon emissions in international shipping. This alone does not secure the Paris Agreement’s well below 2°C global mandate and efforts to limit the temperature increase even further to 1.5°C.

How is the required carbon intensity value for each year up to 2050 calculated?

The target carbon intensity in a given year is calculated as a function of the ship type and size as explained in Appendix 4 of the Technical Guidance. The carbon intensities of individual ship types and sizes are estimated based on the mean EE01 values from the Fourth IMO GHG Study.

The Sea Cargo Charter uses continuous required carbon intensity baselines for each vessel type and size. The required carbon intensity is expressed as follows:

\[ r_s = (a \cdot Year + b) \cdot Size^c \]

Where \( r_s \) is the required carbon intensity, \( Year \) is the year for which the carbon intensity is required, and \( Size \) is the size of the vessel in question in deadweight or capacity. The coefficients \( a, b, \) and \( c \) arise...
from the fitted curves and differ for each vessel type. Their values can be found in Table 6 of the Technical Guidance.

**How can annual alignment be improved in the short/medium term?**

The annual alignment can be improved by chartering vessels with lower carbon intensity through better-performing vessels, more efficient operation, or higher utilization efficiency.

**Is there an impact of carbon offsetting on the climate alignment?**

Being a Signatory to the Sea Cargo Charter does not preclude the use of carbon offsetting, but these are not considered when reporting emissions and assessing climate alignment under the Sea Cargo Charter; the full extent of operational emissions is captured in the assessment of climate alignment.

**What is the impact of the fuel type used?**

Different fuels have different carbon content according to their chemical composition. This combines with the efficiency of the vessel’s operation to determine the carbon intensity of voyages. The carbon emission factors to be used can be found in Resolution MEPC.308(73) and in Appendix 6 of the Sea Cargo Charter Technical Guidance. It should be noted that low sulfur variants carry the same carbon emission factor as high sulfur equivalents.

The current regime for carbon accountability is increasingly looking at a lifecycle approach to assess the emissions associated with specific fuels. This implies that upstream emissions (emissions from the extraction, cultivation, processing and transportation of fuels before reaching a vessel’s bunker) will play an increasingly important role in decision-making around long lifetime assets such as ships which require an energy source to operate.

**What about changes in ship design, specificities, efficiency, impact of retrofit works...?**

The impact of retrofits, improved ship design, and operational efficiency measures is accounted for through fuel consumption relative to the transport work carried out.

**What is the impact of the (slow) speed strategy/performance of vessels?**

The impact of operational efficiency measures is accounted for through fuel consumption relative to the transport work carried out.

**Is there an impact of the age of the vessel?**

Typically, older vessels have higher fuel consumption meaning that carbon intensity may be higher; however, operational efficiency is also an important factor which may make up for the older technology.

**Calculations & data sourcing**

**What is the exact data needed for the calculations?**

The carbon intensity metric – EEOI – requires the following data to compute it:

1. The amount of fuel consumed for each type of fuel in metric tonnes (over both ballast and laden legs)
2. The GHG emission factor of each fuel type
3. Actual distance travelled in nautical miles (while laden with transported cargo)
4. Amount of cargo transported in metric tonnes over the given voyage as per the bill of lading (for liquified gas carriers, the amount of cargo discharged is to be used for the calculation of carbon intensity).

Signatories are only allowed to use measured data to calculate their climate alignment – no estimates. If, and only if, measured data can’t be sourced for ballast legs, the Signatory will source estimated data exclusively for ballast legs.

**Who provides the data?**

Measured voyage data and related noon reports or voyage reports must be sourced from the owners for each voyage under voyage charter. Data must be gathered by the Signatory for each voyage under time charter. Signatories are expected to already have all the necessary data for time charters so only need to source data from owners for voyage charters.

The recommended charter party clause – the Sea Cargo Charter Clause (available on the website) – ensures that appropriate data and information is requested by and provided to Signatories by their contractual counterparties, the appropriate consents are given for the sharing of data, and appropriate privacy protections are established.

**Are ballast legs included in the calculations?**

In order for all the actual emissions related to the transport work to be accounted for, the emissions from the previous ballast leg are to be included when calculating carbon intensity.

All ballast legs are accounted for in the calculations as estimated data must be sourced for missing ballast leg if measured data can’t be sourced. Ballast legs is the only case where estimated data is allowed. It can be sourced either from AIS, by extrapolation from actual ballast legs for other voyages/vessels, or from a distance voyage calculator.

**What is the source of the CO\textsubscript{2} emission factors?**

The carbon emission factors to be used can be found Resolution MEPC.308(73) and in Appendix 6 of the Sea Cargo Charter Technical Guidance.

**Does the methodology consider lifecycle emissions? What happens if alternative fuels are used for which CO\textsubscript{2} emission factors are not provided in Resolution MEPC.308(73)?**

As shipowners and operators strive to keep up with emission reduction expectation, alternative fuels are being introduced to the industry. Currently, carbon factors for net or low carbon fuels based on lifecycle emissions are not considered in the Sea Cargo Charter methodology. If desired, the consumption of these fuels can be documented in the supplementary fuel fields in the recommended Sea Cargo Charter Clause for data reporting, which is available on the website. In order to still account for this activity, a fuel mapping chart is provided in Appendix 6 of the Technical Guidance that specifies the carbon factors to be applied when calculating carbon intensity.

This is likely to evolve when new information becomes available from the IMO.
Will double accounting of carbon emissions by different stakeholders related to the same cargo be an issue?

Given that the aim of the Sea Cargo Charter is not to create an absolute emissions inventory, there is no risk of accounting for the same emissions multiple times. Using carbon intensity as a metric precludes this problem from occurring.

Will the process for collecting data be applied on time by the various parties?

The data required for carbon intensity calculation is already readily available to vessel operators as it is collected for operational purposes and the keeping of mandatory logs. Therefore, no problems are envisaged with regard to data availability, although data requests and sharing may take time to be implemented; the recommended Sea Cargo Charter Clause ought to ease this process.

Signatories typically collect data on an ongoing basis so, it is expected that they will have collected all needed data by 31 January for the last voyages of the previous year.

What are the consequences if Signatories can’t obtain approval from all owners to collect the relevant data to perform the calculations?

It is the opinion of the drafting group that they are well within their rights to ask their business partners for this information and that they will be able to source the data that is needed. Message toward business partners is a document available on the Resources page of the website to support Signatories socializing the Sea Cargo Charter with their business partners they will be requesting information from. This document aims at providing business partners with an overview of the Sea Cargo Charter, which data will the Signatory request, and how this data will be treated.

However, it is recognized that collecting 100% of relevant data may not be possible in some circumstances. In this instance, Signatories are required to disclose the percentage of their eligible reporting chartering activities (calculated out of the total number of voyages) for which they have non-disclosure. This information will be available to other Signatories but not disclosed publicly. Please see Table 4 in the Technical Guidance of the Sea Cargo Charter for an example of this.

Is there a minimum threshold of data collection under which the calculations would be considered as non-relevant?

There is no minimum threshold, but Signatories are required to disclose the percentage of the eligible reporting chartering activities for which there is non-disclosure. If there are significant inconsistencies, it will fall to the governance system to determine how to address the issue. This is to preserve the integrity and legitimacy of the Sea Cargo Charter as this percentage is expected to improve over time.

How should incorrect data received from owners be treated?

To minimize incorrect data reporting, the Sea Cargo Charter Association encourages using the standard Data Collection Templates which have strong validation rules in place to minimize typos and other low level reporting errors at source. These are available on the Resources page of the website and in footnotes of the Sea Cargo Charter Clause.

Guidance on how to proceed incase incorrect data are received from owners can be found in the Technical Guidance:

- Signatories are to ensure that obvious errors are corrected at source (vessels/shipowners from where the data originated). If data can’t be corrected at source, it should be categorized and reported under the percentage of eligible chartering activities non-reporting.
- No filters/omission should be applied to voyage EE01 result calculation for the higher order reporting (vessel category and total annual climate alignments) if the input raw data for voyages are correct (i.e., distance, cargo, consumption etc.).
Enforcement of the Charter

What does enforcement look like?

The enforcement process is outlined in the Technical Guidance and is the primary guide for meeting the requirements of the Sea Cargo Charter. The Secretariat in conjunction with the Steering Committee will, as outlined in the Charter and the Governance Rules, update the Technical Guidance to ensure the Sea Cargo Charter is up to date.

What is the purpose of the Sea Cargo Charter Clause?

It was at the request of the drafting group and shipowners that were consulted that the Sea Cargo Charter should include a recommended charterparty clause to request data from owners so that Signatories do not have to negotiate similar wording with every business partner.

The Sea Cargo Charter Clause provides a suggestion to Signatories about how to request the data required to calculate climate alignment at the voyage level. Incorporating this Clause within charterparties will guarantee collection of the necessary data in a harmonized way across the activities of all Signatories.

To support data collection, various Data Collection Templates have been developed.

While the Clause wording is strongly recommended, it is not compulsory for Signatories. However, if all Signatories start using it in new contracts it will de facto be in common usage.

The Sea Cargo Charter Clause and Data Collection Templates are available on the website.

Has the Clause been endorsed by industry associations?

The Secretariat will continue to engage with those organizations to whom the market has entrusted the production of contractual terms with a view to including the wording of the recommended Sea Cargo Charter Clause as part of the industry’s wider recognized standard terms.

Reporting & transparency

What is the process for calculating and reporting climate alignment?

Signatories annually assess climate alignment in line with the Technical Guidance for all eligible reporting chartering activities. This means that Signatories calculate the carbon intensity of voyages in order to assess vessel category climate alignments (by ship type and size) and their total annual activity climate alignment, using measured data and decarbonization trajectory produced by the Secretariat.

The timetable for implementation below highlights when there are important deadlines for alignment and reporting to comply with the Sea Cargo Charter.
What exactly do Signatories need to report? What of that becomes public?

The following is the data Signatories are required to report, divided into two categories depending on whether the data gets published publicly or remains confidential within the Association:

**Signatory reporting requirements**

**Becomes public**
- Vessel category climate alignment
- Total annual activity climate alignment
- Scope’s segments included in eligible reporting chartering activities

**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.

Only the Signatory’s total annual climate alignment score, the alignment scores by categories, and the scope’s segments are published. All other information listed above is shared with other Signatories but not made public. This is intended to establish a quality control mechanism for Signatories while also...
What qualifies as “eligible reporting chartering activities”? 

The Sea Cargo Charter recognizes that there are different types of charterers and wants to facilitate participation by giving Signatories reporting options. The reporting is, therefore, divided into four segments that ensure certain minimum reporting requirements so as to maximize impact while ensuring both flexibility and the widest adoption possible.

Segments 1 and 2 are mandatory and any data falling under these two segments shall be included in the eligible reporting chartering activities, if applicable. If a charterer is unable to report any of this data, they need to include that into percentage of eligible chartering activities non-reporting (which is disclosed internally).

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

If chartering activities do not fall into any of the four segments, they are out of scope of the Sea Cargo Charter and thus do not qualify as “eligible chartering reporting activities” and shall remain excluded from the reporting.

What is the difference between the reporting of the Sea Cargo Charter and the EU-MRV/IMO-DCS? 

The main difference is that the European Union Monitoring, Reporting and Verification (EU-MRV) and the IMO Data Collection System (IMO-DCS) are annual aggregations which do not offer the granular insight that reflects the day-to-day reality for charterers. The Sea Cargo Charter obliges reporting on a voyage basis thus providing emissions data that charterers can use to make better climate-aligned decisions.

Does becoming a Signatory create significant reporting requirements? 

Every effort has been made to minimize the reporting requirements of the Sea Cargo Charter.

How will the climate alignment scores be published? 

The Sea Cargo Charter Association publishes the climate alignment scores of Signatories on its website around 15 June annually. The Association also publishes a report which provides some context in order to put the alignment score into perspective and correctly interpret them. The latest report is available on the website.

Signatories are required to publish their own climate alignments in relevant institutional reports (e.g., sustainability report) on a timeline that is appropriate for them. There is, however, nothing to stop individual Signatories to publish their climate alignments together with additional information that go beyond their obligations under the Sea Cargo Charter.

Governance 

How is the Sea Cargo Charter governed? 

The Sea Cargo Charter Association manages, administers, and develops the Sea Cargo Charter. The members of the Sea Cargo Charter Association are the Signatories to the Sea Cargo Charter.
What are the roles within the Sea Cargo Charter Association?

Steering Committee

The Steering Committee is comprised of 10 to 15 representatives of Signatories to the Sea Cargo Charter, with one representative per Signatory. One member will act as Chair, one member as Vice Chair, one member as Treasurer.

Steering Committee members hold a senior position relevant for the Sea Cargo Charter. The Steering Committee leads the Annual Meeting and holds other meetings as necessary. Members of the Steering Committee are volunteers and are therefore not compensated by the Association. The list of members currently part of the Steering Committee can be found on the website.

Signatories

All Signatories are members of the Sea Cargo Charter Association and are encouraged to participate in and contribute to the management of the Association in a manner that supports the Charter and is appropriate for their institution.

The charterers who have become Signatories will appoint a senior representative to join relevant meetings of the Association, such as the Annual Meeting. Just as with the Steering Committee, the representative must hold a position relevant to the Sea Cargo Charter.

Signatories can nominate a representative from their institution to become a member of the Steering Committee. Nominees are then voted into positions by all Signatories and serve a term in the Steering Committee as outlined in the Governance Rules.

Technical Committee

At the 2021 Annual Meeting, the Signatories voted and agreed to establish the Technical Committee. Its role is to ensure methodological integrity of the Sea Cargo Charter within the scope agreed by the Steering Committee. The Technical Committee does not have decision-making power; it formulates proposals which are then brought up to Signatories.

The Technical Committee is composed of a subset of Signatories and is supported by the Advisory and Secretariat. Technical Committee members must hold appropriate technical background.

What are the support roles within the Association?

Secretariat

The role of the Secretariat is to maintain the day-to-day business and administration of the Steering Committee, Charter, and the Signatories. The Secretariat serves a facilitating function in the Steering Committee, Technical Committee, and among Signatories.

The Secretariat role can be fulfilled by a relevant non-profit and independent third-party entity. This role is currently fulfilled by the Global Maritime Forum.

Advisory

The Advisory advises and guides the technical discussions and expertise of the Charter, including creating and revising the scope of the Charter or the decarbonization trajectory. It ensures the used methodology and data found in the Charter are current, relevant, and simple to implement for Signatories. The Advisory is also involved in working groups and takes part in the Steering Committee or Technical Committee meetings as needed.

Current technical advisors are Smart Freight Centre and UMAS. Current legal advisor is Stephenson Harwood.