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1 INTRODUCTION

This document sets out the rules of the Sea Cargo Charter Association, a non-profit association registered with the Central Business Register of Denmark.

2 DEFINITIONS

"Accession Date" means, in relation to a Signatory, the date on which that Signatory adopts the Charter and becomes a member of the Association.

"Administrative Representative" means, in respect of any Signatory from time to time, the individual that has been designated by that Signatory in accordance with paragraph (a) of Rule 7.3.

"Advisory" means any third-party entity that provides technical guidance or expertise in relation to the Charter from time to time.

"Annual Fee" means the annual fee payable by each Signatory, as further described in Rule 17.

"Annual Meeting" means the meeting of Signatories to be held once a year, as further described in Rule 14.

"Anti-Corruption Laws" shall mean (a) the United States Foreign Corrupt Practices Act of 1977; (b) the United Kingdom Bribery Act 2010; and (c) all applicable national, regional, provincial, state, municipal or local laws and regulations that prohibit tax evasion, money laundering or otherwise dealing in the proceeds of crime or the bribery of, or the providing of unlawful gratuities, facilitation payments, or other benefits to, any Government Official or any other person.

"Association" means the Sea Cargo Charter Association, a non-profit association registered in Denmark whose object is the management, administration and development of the Charter.

"Auditor" has the meaning given in Rule 17.13.

"Business Activity" means bulk chartering-in and/or chartering-out activities on the part of registered owners, disponent owners, charterers, sub-charterers that are:

- (a) on time and voyage charters, including contracts of affreightment and parceling, backhaul and ballast voyages; and
- (b) for voyages carried out by dry bulk carriers, chemical tankers, oil (crude and product) tankers and LNG carriers;
- (c) and where a vessel or vessels are engaged in international trade (excluding inland waterway trade).

"Business Day" means a day on which banks are open for business in Denmark and England and Wales excluding Saturdays and Sundays.

"Chair" means the Signatory elected to chair the Steering Committee, as further described in Rule 9.

"**Charter**" means the principles setting out a risk management framework to enable charterers and shipowners to align their chartering activities with responsible environmental behaviour, entitled the "Sea Cargo Charter", the current version of which can be found on the Association's website.

"**Financial Year**" means 1 January to 31 December.

"**Government Official**" shall mean any official or employee of any government, or any agency, ministry, department of a government (at any level), person acting in an official capacity for a government regardless of rank or position, official or employee of an entity wholly or partially controlled by a government (for example, a state owned oil company), political party and any official of a political party; candidate for political office, officer or employee of a public international organisation, such as the United Nations or the World Bank, or immediate family member (meaning a spouse, dependent child, sibling, parent, or household member) of any of the foregoing.

"**IMO**" means the International Maritime Organization.

"**Management Support**" means a member of the Steering Committee that undertakes a management support role, as further described in Rule 11.

"**Relevant Entity**" means:

(a) registered owner with commercial control, or the group entity (not a third party management company) with commercial control of a registered owner, excluding entities that charter out ships on a bareboat charterparty terms; or

(b) disponent owner with commercial control, or the group entity (not a third party management company) with commercial control of a disponent owner; or

(c) charterer; or

(d) sub-charterer

regardless of their position in a charterparty chain, or in a pool structure.

"**Relevant Vessel**" means a vessel to which the rules of the IMO apply.

"**Restricted Jurisdiction**" means a country, state, territory or region which is subject to comprehensive economic or trade restrictions under Trade Control Laws applicable to a Signatory.

"**Restricted Party**" means any individual, legal person, entity or organisation (i) targeted by national, regional or multilateral trade or economic sanctions under Trade Control Laws; or (ii) directly or indirectly owned or controlled or acting on behalf of such persons, entities or organisations and including their directors, officers or employees.

"**Rules**" means these governance rules of this Association set out in this document as may be amended from time to time in accordance with Rule 7.4.

"**Secretariat**" means a third-party entity which manages administrative functions on behalf of the Association as further described in Rule 18, the name and contact details of which are specified on the Association's website.

"**Self-Assessment**" means a self-assessment in substantially the form set out in the documents available upon request to the Secretariat.

"**Signatory**" means a Relevant Entity that has become and remains a signatory to the Charter in accordance with the Charter and these Rules and whose name appears on the list of Signatories on the Association's website.

"**Signatory Application**" means the agreement to be entered into by intended Signatories to adopt the Charter and become a member of the Association in the form supplied by the Secretariat from time to time.

"**Signatory Fee**" means the signatory fee specified on the Association's website from time to time.

"**Steering Committee**" means the committee appointed to manage the Association as further defined in Rule 8.

"**Trade Control Laws**" means any applicable trade or economic sanctions or embargoes, Restricted Party lists, controls on the imports, export, re-export, use, sale, transfer, trade, or otherwise disposal of goods, services or technology, anti-boycott legislation or similar laws or regulations, rules, restrictions, licenses, orders or requirements in force from time to time, including without limitation those of the European Union, the United Kingdom, the United States of America or other government laws applicable to a Signatory.

"**Treasurer**" means the member of the Steering Committee elected by simple majority vote of the Steering Committee to be an authorised signatory of the bank accounts of the Association, as designated in writing by the Steering Committee to the Secretariat from time to time. The Chair or the Vice Chair can be the Treasurer, if elected in accordance with these Rules.

"**Vice Chair**" means the member of the Steering Committee elected to assume the role of the Chair if the Chair is unable to do so, as further described in Rule 10.

"**Working Group**" means any group of Signatories convened by the Steering Committee that meets from time to time to discuss and provide guidance to members of the Association on particular issues associated with the management, administration or development of the Charter, as further described in Rule 12.

3 OBJECTS OF THE ASSOCIATION

The objects of the Association are to:

- (a) promote the adoption of the Charter by additional Relevant Entities;
- (b) encourage the implementation of the Charter by the Signatories;
- (c) develop the Charter as the Signatories think fit to support the IMO in its measures to reduce greenhouse gas emissions and to address any other adverse environmental impacts identified in relation to international shipping;
- (d) develop and maintain relations with other bodies who are involved in the development of environmental standards including sharing know how;
- (e) manage the Association for the benefit of the Signatories; and
- (f) do any other such things to further any of the above.

4 AIM OF THE CHARTER

The aim of the Charter is to provide a risk management framework to Relevant Entities to align their Business Activities with responsible environmental impacts to promote responsible environmental stewardship in the maritime sector (as may be modified from time to time by the Signatories in accordance with these Rules).

5 BECOMING A SIGNATORY

5.1 Any Relevant Entity may become a Signatory if it:

- (a) meets the requirements set out in Rule 5.4; and
- (b) agrees to meet the annual reporting obligations.

5.2 Whilst the decision to become a Signatory is voluntary, a Signatory must take all appropriate steps to implement and comply with the Charter.

5.3 Relevant Entities are encouraged to become a Signatory through a group holding company to enable compliance and reporting at group level.

5.4 To become a Signatory, a Relevant Entity must:

- (a) complete a declaration in the form provided by the Secretariat and execute it, ensuring that it has first been signed off by a representative of the Relevant Entity with authority to enter into such commitment and that any signatory of the declaration has authority to bind the proposed Signatory;
- (b) complete and execute the Signatory Application (ensuring that any signatory of the Signatory Application has authority to bind the proposed Signatory), which requires the Relevant Entity to provide contact names and details; and
- (c) submit the documents referred to in paragraphs (a) and (b) above to the Secretariat for consideration.

5.5 The Secretariat will check that such Relevant Entity has complied with this Rule 5 and shall decide whether or not to accept the Signatory Application, and if accepted, shall agree an Accession Date with the proposed new Signatory. The Secretariat will inform the Chair and the Steering Committee of its decision.

5.6 The Secretariat will consider applications for submission of part of a Relevant Entity's Business Activities. It is within the Secretariat's absolute discretion whether to accept such partial submissions. The scope of partial submissions will be reviewed by the Secretariat on an annual basis.

5.7 The Secretariat shall have the ultimate authority to determine whether to accept Signatory Applications. The Secretariat may consult with the Steering Committee if it so wishes, but the discretion of the Secretariat shall be unlimited and its decision shall be final and incontestable. The potential Signatory shall not be entitled to request reasoning from the Secretariat for their determination.

5.8 On its Accession Date:

- (a) the new Signatory shall pay the Signatory Fee;

- (b) the new Signatory will issue a press release announcing that it has adopted the Charter;
- (c) the new Signatory will become a member of the Association;
- (d) the Secretariat will update the Association's website to include the new Signatory in the list of Signatories; and
- (e) the new Signatory will be entitled to display the logo of the Charter, but the logo of the Charter is the exclusive property of the Association.

6 SIGNATORY OBLIGATIONS

6.1 Each Signatory shall:

- (a) within five months of becoming a Signatory, complete and submit the Self-Assessment to the Secretariat;
- (b) comply with its reporting requirements as set out in the Charter within the timescales specified there;
- (c) pay the Annual Fee as provided in Rule 7.
- (d) remain eligible for membership in accordance with Rule 5.1; and
- (e) comply with all other provisions of these Rules.

6.2 For the avoidance of doubt, no Signatory is required to publish information where disclosure would breach any relevant applicable law or regulation.

6.3 If material changes to the Charter have been made, the Steering Committee may agree to exceptions to the reporting requirements for a defined transition period.

6.4 The only consequence of and exclusive remedy for breach a Signatory's obligations under this Rule shall be the Association's right to remove such Signatory from the Association pursuant to the procedure set out in Rule 15.

6.5 For the avoidance of doubt, nothing in these Rules shall create any rights or obligations as between any of its Signatories inter se, and nothing in these Rules shall give rise to any cause of action or remedy as between any Signatory against any other Signatory inter se.

6.6 No Signatory shall hold itself out as representing the Association other than the Chair and other members of the Steering Committee from time to time in their capacity as such.

7 GOVERNANCE OF THE ASSOCIATION

7.1 The Steering Committee and, where appropriate, one or more Working Groups shall be responsible for the management of the Association and the development of the Charter.

7.2 Each Signatory is encouraged to participate in the management of the Association and the development of the Charter. Where possible, management of the Charter operates by consensus with the Signatories being consulted to ensure any proposal to amend the Charter or any other decision has the support of the majority of the Signatories.

7.3 Each Signatory will designate in writing to the Secretariat from time to time:

- (a) one individual who is authorised to deal with all administrative, process and reporting aspects of the Signatory being a member of the Association and in relation to the Charter, save for invoices relating to the Signatory Fee or Annual Fee;
- (b) one individual who is authorised to deal with invoices addressed to the Signatory relating to the Signatory Fee and Annual Fee;
- (c) where applicable, up to two individuals in its employment to represent it in the Steering Committee or any other Working Group of which it forms part. For the avoidance of doubt, save where those individuals are elected as the Chair or the Vice Chair, only one such individual may attend and vote at a meeting of the Steering Committee or relevant Working Group at any one time. If one or both of such two individuals is elected as Chair and/or Vice Chair, both of such individuals may attend at a meeting of the Steering Committee or the relevant Working Group but only one such individual may vote at such meeting; and
- (d) up to two individuals who may represent it at any meeting of the Association and exercise its voting rights (although, for the avoidance of doubt, only one may vote at any one time),
- (e) and shall ensure that all individuals designated in accordance with paragraphs (c) and (d) above have sufficient either chartering or environmental experience.

7.4 Decisions shall be made by the Signatories as members of the Association as follows:

- (a) Subject to Rule 16.2, each Signatory shall have one vote.
- (b) Any proposal that would, if passed:
 - (i) materially amend the Charter or these Rules;
 - (ii) in the opinion of the Steering Committee, materially reduce the rights or materially increase the liability or obligations of the Signatories;
 - (iii) result in a change to the Secretariat; or
 - (iv) fall outside the objects of the Association,

requires at least half of the Signatories to cast a vote and, of those that vote at least two thirds must vote in favour of the proposal for it to be validly approved.

- (c) Any proposal that would, if passed:
 - (i) in the opinion of the Steering Committee, amend the Charter or these Rules in a minor way (for example to provide a clarification or correct an error);
 - (ii) elect a Signatory to the Steering Committee;
 - (iii) approve the annual budget; or
 - (iv) set the level of the Signatory Fee or the Annual Fee,

or any other proposal put to the members of the Association that does not fall within paragraph (b) above requires more than half of those Signatories that cast a vote to vote in favour of that proposal for it to be validly approved.

8 THE STEERING COMMITTEE

- 8.1 The administration, management, and development of the Association (including its assets) and the Charter are delegated by the Association to the Steering Committee other than those matters referred to in Rule 7.4.
- 8.2 The Steering Committee shall consist of between ten and fifteen members, all of which must be Signatories, and shall, so far as practicable, represent a diverse cross-section of the industry.
- 8.3 The members of the Steering Committee shall be appointed by a vote of the Signatories as members of the Association in accordance with paragraph (c) of Rule 7.4. Each member of the Steering Committee shall designate up to two individuals to represent it as provided in paragraph (c) of Rule 7.3 but, for the avoidance of doubt, each Signatory shall only have one vote in respect of any decision by the Steering Committee.
- 8.4 The Steering Committee shall meet on an ad hoc basis. The members of the Steering Committee may where convenient arrange such meetings to be held in Denmark and participants may attend the meetings by any means such as telephone conference call or video conferencing as well as in person or a mix of any of these. Where possible, two weeks' notice in writing will be given for any meeting and a note of any decision or recommendation made by the Steering Committee at any meeting shall subsequently be circulated to all Signatories.
- 8.5 The quorum for meetings of the Steering Committee shall be two-thirds of its members at the relevant time and more than half of the members of the Steering Committee participating in a vote must vote in favour of the relevant proposal for it to be validly approved.
- 8.6 Any decision made by the Steering Committee in accordance with this Rule 9 (excluding for the avoidance of doubt any decision that requires the approval of the Signatories as members of the Association as described in Rule 7.4) shall bind the Association.
- 8.7 The duties of the Steering Committee shall include:
- (a) reviewing the scope of the Charter and whether any changes should be made and, if so, arranging for a revised draft to be considered by the Signatories;
 - (b) consulting with the Advisory for technical advice where appropriate;
 - (c) reviewing and approving the Association's annual budget and approving its circulation to the Signatories together with the end of year financial statements;
 - (d) making decisions and approving contracts with third parties including the Secretariat and members of the Advisory, conducting a formal tender process where necessary or appropriate;
 - (e) reviewing and approving the scope of work of the Secretariat and the Advisory and their respective charges;
 - (f) procuring that any costs and expenses of the Association, including any tax, are paid when due;
 - (g) arranging for meetings of the Association and agreeing the relevant agenda;
 - (h) approving changes to the authorised signatories for the bank accounts of the Association;
 - (i) deciding how to re-allocate any surplus monies from the Association budget; and
 - (j) electing the Chair, Vice Chair, and Treasurer;

- (k) attempting to resolve any dispute that may arise between Signatories.
- 8.8 Any Signatory may nominate itself for election or re-election to the Steering Committee if:
- (a) it has complied with its obligations under Rule 6 within the relevant timescales; and
 - (b) it is confident that it can meet its obligations as a member of the Steering Committee and, if required, could assume the role of Chair, Vice Chair, or Treasurer.
- 8.9 Each member of the Steering Committee, including the Chair, Vice Chair, or Treasurer shall, during their appointment:
- (a) maintain at least two individuals to represent it on the Steering Committee as provided in Rule 8.2 and ensure that one of them attends each Steering Committee and formal Association meeting; and
 - (b) actively participate in the work and decision making of the Steering Committee and at formal Association meetings.
- 8.10 Subject to the other provisions of this Rule 8, members of the Steering Committee shall retire at the Annual Meeting by rotation after two years of service but may apply for re-election.
- 8.11 Rule 8.10 is subject to the following:
- (a) the two-year period of service might be slightly longer or shorter depending on the dates of the relevant Annual Meetings;
 - (b) a Signatory may nominate itself for re-election at the end of each two year term;
 - (c) if a Signatory has been elected as the next Chair it shall not retire by rotation until it has ceased to be the Chair.
- 8.12 Any Signatory may resign at any time from the Steering Committee by giving notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory.
- 8.13 Before each election process, the Secretariat will notify the Signatories and request them to consider nominating themselves, within a specified timescale.
- 8.14 To nominate itself for election to the Steering Committee, a Signatory must confirm to the Secretariat in writing within the relevant timescale:
- (a) its commitment and capacity to fulfil the general responsibilities of members of the Steering Committee and, if necessary, of the Chair or the Vice Chair; and
 - (b) the names of the individuals that would represent it on the Steering Committee as specified in paragraph (c) of Rule 7.3.

9 THE CHAIR

- 9.1 The Steering Committee shall elect one of their number to be the Chair by simple majority vote.
- 9.2 The Chair shall chair the Steering Committee and co-ordinate the Steering Committee and any Working Groups to promote the Charter and the objects of the Association.

9.3 The Chair shall retire at the end of a period of two years but may nominate itself for a further two-year period.

9.4 The Chair may resign before the end of the two-year period by three months' notice in writing to the Vice Chair and shall be deemed to have resigned if it ceases to be a Signatory.

10 THE VICE CHAIR

10.1 The Steering Committee shall elect one of their number to be the Vice Chair by simple majority vote.

10.2 The Vice Chair shall support the Chair as necessary and assume the role of Chair if the Chair is unable to do so.

10.3 The Vice Chair shall retire at the end of a period of two years but may nominate itself for a further two-year period.

10.4 The Vice Chair may resign before the end of the two-year period by three months' notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory.

11 MANAGEMENT SUPPORT

Management Support appointees shall provide advice and support to the Chair, the Secretariat and/or the Working Groups, as required and as appropriate, in relation to:

- (a) the application and implementation of the Charter;
- (b) the Association's strategy, these Rules (including compliance matters) or any related policy or procedures of the Association;
- (c) financial and contractual matters;
- (d) preparing the agenda for and facilitating meetings and discussions of the Association (including, but not limited to, meetings of the Steering Committee and the Annual Meeting);
- (e) internal and external communications (including engagement with external parties);
- (f) any matter deemed sensitive or confidential in nature; and
- (g) assuming responsibilities delegated by the Chair or the Steering Committee and reporting on their progress or resolve on an ongoing or periodic basis.

12 WORKING GROUPS

12.1 The Steering Committee may form Working Groups at its discretion in order to consider issues in detail and report to the Steering Committee.

12.2 Working Groups may include any of the Signatories, members of the Advisory and other relevant third parties for their technical or other relevant expertise.

12.3 The leader of any Working Group must be a Signatory and shall be selected by the Steering Committee.

12.4 The leader of a Working Group may resign by notice in writing to the Chair and shall be deemed to have resigned if it ceases to be a Signatory and, in each case, a new leader shall be selected

by the Steering Committee.

13 SIGNATORY POWERS

The Association is bound by the joint signatures of any two members of the Steering Committee provided that such individuals have been duly designated in accordance with paragraph (c) of Rule 7.3 or the joint signatures of a validly designated member of the Steering Committee and a member of the Secretariat. The signatory powers can be delegated by a written instruction by the Steering Committee.

14 ASSOCIATION MEETINGS

14.1 Annual Meeting:

- (a) The Association shall, in addition to any other meetings in that year, hold a meeting in every calendar year as its Annual Meeting at such time and place as may be determined by the Steering Committee, and shall specify the meeting as such in the notices calling it. Each Annual Meeting shall be held no more than six months after the end of the last preceding Financial Year of the Association.
- (b) The meeting shall be held at varying locations with teleconferencing and, where possible, video conferencing to facilitate attendance in an environmentally sustainable manner.
- (c) Not less than eight weeks' notice shall be given for each Annual Meeting and an agenda shall be circulated at least two weeks before the relevant meeting.
- (d) The agenda must include:
 - (i) a statement concerning the last preceding Financial Year from the Chair;
 - (ii) a report from the Chair on activities undertaken and anticipated;
 - (iii) presentation for approval of the Association's annual report for the last preceding Financial Year;
 - (iv) election or re-election to the Steering Committee;
 - (v) the budget approved by the Steering Committee for the forthcoming year;
 - (vi) any item requested by a group of at least five Signatories by notice in writing received by the Secretariat not less than four weeks before the proposed date of the meeting;
 - (vii) the review of partial submission of chartering activities;
 - (viii) election of the Auditor; and
 - (ix) any other business.

14.2 Other meetings and decision taking:

- (a) In addition to the Annual Meeting, in order for other decisions to be taken by the Signatories, one of the following options may be used:
 - (i) the Chair, acting on behalf of the Steering Committee or at the request of not less than five Signatories in accordance with paragraph (b) below, may propose a resolution to

the Signatories by email, specifying a date by which the Signatories must vote by email for their vote to be included together with the address to which the vote should be sent. Such period shall, where possible, be not less than two weeks but shall be shorter should the Steering Committee consider it appropriate, provided that it shall be no shorter than three Business Days; or

- (ii) the Chair, acting on behalf of the Steering Committee or at the request of not less than five Signatories in accordance with paragraph (b) below, may call a meeting of the Association which shall be called and held as if it were an Annual Meeting save that the agenda shall reflect the proposal(s) to be considered.
 - (b) A proposal may be submitted by not less than five Signatories in writing to the Secretariat for consideration by the Signatories in accordance with paragraph (a) above provided that any such proposal received within six weeks before an Annual Meeting shall be considered at that Annual Meeting.
 - (c) Any Signatory unable to attend any meeting may submit its vote by email to the Secretariat and it shall be taken into account if it is received by the Secretariat by the time and date specified in the notice of the relevant meeting.
- 14.3 The accidental failure to give notice of any meeting or send an agenda to or failure by a Signatory to receive either or both of these shall not invalidate the proceedings or any decision taken at the relevant meeting.
- 14.4 Minutes of each meeting will be circulated to the Signatories by the Secretariat as soon as practicable after the relevant meeting.

15 FAILURE TO COMPLY WITH SIGNATORY OBLIGATIONS

- 15.1 If a Signatory fails to comply with its reporting requirements as specified in paragraphs (a) and (b) of Rule 6.1 or its disclosure and compliance requirements as specified in Rule 22 then the following shall apply:
- (a) If such failure to comply continues for one month after the relevant disclosure submission deadline, or, as the case may be, a compliance requirement the Secretariat shall send a written reminder to the Administrative Representatives of that Signatory, copied to the Chair and including details of the consequences of continued failure to comply as set out in paragraphs (b) and (c) below.
 - (b) If such failure to comply continues for three months after the relevant disclosure submission deadline, or, as the case may be, compliance requirement the Secretariat may at its sole discretion, note the Signatory's failure to report on the Association's website and send a further written reminder to the Administrative Representatives of that Signatory, copied both to the chief executive officer (or equivalent officeholder) of that Signatory and the Chair.
 - (c) If such failure to comply continues for six months after the relevant disclosure submission deadline, or, as the case may be, compliance requirement the Secretariat shall remove the name of the Signatory from the list of Signatories on the Association's website and the relevant Signatory shall cease to be a Signatory or a member of the Association.
 - (d) If it has ceased to be a Signatory by operation of paragraph (c) above, should it wish to become a Signatory again, the former Signatory must reapply in accordance with the provisions of Rule 6.

- 15.2 If a Signatory fails to pay any amount payable by it under these Rules then the following shall apply:
- (a) If such failure to pay continues for one month after the relevant payment deadline, the Secretariat shall send a written reminder to the Administrative Representatives of that Signatory, including details of the consequences of continued failure to comply as set out in paragraphs (b) and (c) below.
 - (b) If such failure to pay continues for two months after the relevant payment deadline the Secretariat may at its sole discretion note the Signatory's failure to pay on the Association's website and send a further written reminder to the Administrative Representatives of that Signatory, copied both to the chief executive officer (or equivalent officeholder) of that Signatory and the Chair.
 - (c) If such failure to pay continues for three months after the relevant payment deadline, the Secretariat shall remove the name of the Signatory from the list of Signatories on the Association's website and the relevant Signatory shall cease to be a Signatory or a member of the Association.
 - (d) If the relevant Signatory pays all amounts then due by it within six months of the relevant payment deadline and has not previously ceased to be a Signatory by reason of this Rule 15.2 then its name will be restored to the list of Signatories on the Association's website and it shall be reinstated as a member of the Association but not to any other role that it had in the Association before its removal (such as membership of the Steering Committee).
- 15.3 If any acts or omissions of a Signatory, causes or has the potential to cause, any material adverse impact on the Sea Cargo Charter Association, the Secretariat may at its discretion, upon written notice to the relevant Signatory, immediately remove the name of the Signatory from the list of Signatories on the Association's website and the relevant Signatory shall cease to be a Signatory and member of the Association.
- 15.4 Upon ceasing to be a Signatory, the former Signatory may no longer use the logo of the Sea Cargo Charter and shall remove it from all its literature and any website.

16 EFFECT OF REORGANISATIONS OF SIGNATORIES, MULTIPLE MEMBERSHIPS AND LEAVING THE ASSOCIATION

- 16.1 Signatories may be affected by corporate transactions such as mergers, acquisitions and disposals and such transactions might have an impact on that Signatory's membership of the Association and its ability to comply with the Charter. Any Relevant Entity affected by any such transaction is encouraged to remain or become a Signatory and may request that the Steering Committee grant a suspension of its reporting obligations to allow a reasonable period for integration. Any such allowance shall be noted against the name of the relevant Signatory on the Association's website.
- 16.2 If, as a result of a corporate transaction or otherwise, more than one Signatory is a member of the same financial or commercial group and the Steering Committee considers that this could undermine the principle of "one Signatory, one vote", the Steering Committee shall recommend to the Signatories how many votes that financial or commercial group shall be allowed. This recommendation shall be implemented unless the relevant financial or commercial group requests the matter to be decided by the Signatories. In any such voting process, the relevant financial or commercial group shall only be entitled to one vote on behalf of all the Signatories forming part of it.

- 16.3 If a Signatory ceases to be a Relevant Entity or wishes to withdraw from the Association and its adoption of the Charter it shall give notice to the Secretariat and the Chair in writing whereupon it shall cease to be a member and its name shall be removed from the list of Signatories on the Association's website.
- 16.4 Signatories shall be entitled to make submissions to the Secretariat in relation to the steps outlined in this Rule and in Rule 15, which the Secretariat may take into account and/or respond to at its sole discretion.

17 FINANCE

- 17.1 The fees payable by each Signatory, including the Annual Fee, shall be used to meet the management and administrative costs of the Association and the costs of the management, administration, updating and further development of the Charter.
- 17.2 Each Signatory shall bear its own costs and expenses in relation to the adoption and implementation of the Charter.
- 17.3 The costs will vary, particularly in relation to the updating of decarbonisation trajectories to reflect new IMO studies (expected approximately every five years).
- 17.4 To meet such variable costs the Annual Fee will be:
- (a) variable;
 - (b) the same amount for every Signatory in any one Financial Year;
 - (c) based on the budget prepared by the Secretariat and the Steering Committee setting out categories of expenditure, including an amount for contingencies, and presented to Signatories at the relevant Annual Meeting; and
 - (d) approved by the Signatories in accordance with the procedures in paragraph (c) of Rule 7.4.
- 17.5 The Annual Fee is payable by the Signatories whose names appear on the list of Signatories on the Association's website as of 31 December of the preceding year. The Annual Fee is due annually in one instalment in respect of each Financial Year and shall be paid no later than the end of the second quarter of the relevant year and is non-refundable in the event that a Signatory ceases to be a member of the Association.
- 17.6 If a Signatory ceases to be a member of the Association or fails to comply with its obligations under these Rules the Signatory is not released from its obligations to pay the Annual Fee. Any outstanding payments for the relevant year will fall due immediately upon a Signatory ceasing to be a member of the Association.
- 17.7 If a Signatory becomes a member of the Association during the year it shall pay, upon becoming a member, the Annual Fee in full.
- 17.8 The amount of the Signatory Fee may not be changed without the approval of the Signatories in accordance with the procedures in paragraph (c) of Rule 7.4.
- 17.9 Any surplus funds shall be carried forward to and used in the following year(s) in order to meet, amongst other things, costs incurred in connection with the updating of decarbonisation trajectories as described in Rule 17.3, which will be reflected in the relevant budget and, where possible, a reduced Annual Fee.

- 17.10 Expenditure should be within the relevant budget presented to the Signatories at the Annual Meeting or as otherwise approved by the Steering Committee or the Signatories as appropriate.
- 17.11 Funds will be held in a bank account, in the name of the Association. The currency of the bank account will be Euros. The annual report will be prepared in Euros.
- 17.12 Changes to the authorised signatories for any bank account must be approved by two members of the Steering Committee, one of which should be the Chair or the Vice Chair.
- 17.13 The Association's annual reports shall be audited by a Danish state-authorized public accountant or registered public accountant elected at the Annual Meeting for one year at a time (the "**Auditor**"). The Association's Financial Year runs from 1 January to 31 December and the first Financial Year of the Association shall commence on the date of formation of the Association and end on 31 December 2019. Copies of the Association's annual reports will be circulated annually to all Signatories. The annual reports shall be prepared by a firm of chartered or certified accountants appointed by the Steering Committee.

18 THE SECRETARIAT

- 18.1 The Secretariat shall be responsible for the day to day administration of the Association including:
- (a) record keeping and financial administration;
 - (b) internal and external communication including updating the website, issuing press releases, and sending notices of meetings;
 - (c) membership administration; and
 - (d) the collection of fees.
- 18.2 The scope of work and fees payable to the Secretariat shall be agreed by the Steering Committee following submission by a relevant non-profit and independent third-party entity fulfilling the role of the Secretariat of a services provision proposal agreed by the Steering Committee, subject to the approval of the Signatories of the fees as an item of the budget and any change to the Secretariat as specified in Rule 7.4.

19 THE ADVISORY

- 19.1 The Steering Committee and the Working Groups may consult with the Advisory for technical guidance to:
- (a) ensure that the Charter is up to date and reflects the most recent IMO guidelines; and
 - (b) if appropriate, further develop the Charter to reflect other maritime environmental concerns.
- 19.2 The scope of work and fees payable to the members of the Advisory shall be agreed by the Steering Committee following submission by a relevant third-party entity fulfilling the role of the Advisory of a services provision proposal agreed by the Steering Committee, subject to the approval of the Signatories of the fees as an item of the budget as specified in Rule 7.4.

20 DISSOLUTION OF THE ASSOCIATION

20.1 The Association shall not be dissolved except by a resolution passed at an Annual Meeting in accordance with the procedures in paragraph (c) of Rule 7.4.

20.2 In the event of the dissolution of the Association, any surplus funds, after payment of all expenses and outstanding accounts, shall be disposed of to any non-profit organisation as may be decided by a simple majority of those present and entitled to vote at the Annual Meeting resolving such dissolution.

21 DISCLOSURE OF INFORMATION AND COMPLIANCE WITH LAWS

21.1 Subject to compliance with the other provisions of this Rule 21, the sharing of ideas and experiences between the Signatories is encouraged both to facilitate the implementation of the Charter and to develop them further in accordance with the aims of the Association. However, when sharing information, each Signatory recognises the need to comply with all relevant applicable laws and, in particular, those relating to relevant confidentiality and anti-competitive practices.

21.2 Each Signatory shall ensure that the Charter and any discussions or other contact with the other Signatories are not used in any way that may breach any relevant applicable law relating to concerted practices, agreements or exchanges of information that may restrict competition or anti-competitive practices.

21.3 Each Signatory shall comply with all relevant applicable laws relating to confidentiality in its implementation of the Charter. Each Signatory shall comply with all relevant applicable data protection laws (including the General Data Protection Regulation (EU) 2016/679) in relation to the use, processing, and/or transfer of personal data of any individual that it receives in connection with the management or administration of the Charter and the Association.

21.4 Personal data received from a Signatory will be processed by the Association in accordance with the Association's privacy notice, which can be accessed on the Association's website, or for other purposes as necessary for the Association's legitimate interests as disclosed at or before the time the personal data is received.

21.5 Each Signatory shall ensure that when personal data of an individual is disclosed to the Association by such Signatory, all legal requirements have been satisfied to enable the Association to lawfully use, process, and/or transfer that personal data.

21.6 Each Signatory confirms that it is knowledgeable about Trade Controls Laws applicable to the performance of this Charter including the lists of Restricted Parties. Each Signatory shall comply with all applicable Trade Control Laws in the performance of the Charter and in particular it shall not do anything which is inconsistent with or which may cause any other Signatory to be exposed to the risk of material negative consequences under, or be in breach of, Trade Control Laws.

21.7 Each Signatory confirms that it complies with all applicable financial recordkeeping and reporting requirements, and all applicable anti-money laundering rules and regulations of the jurisdictions where the Signatory and its subsidiaries conduct business (collectively, "Anti-Money Laundering Laws"). Each Signatory confirms, that no action, suit or proceeding by or before any court or governmental agency, authority, body or arbitrator involving the Signatory or any of its subsidiaries with respect to the Anti-Money Laundering Laws is active or pending.

- 21.8 Each Signatory confirms that in connection with the Charter (i) it is aware of and will comply with applicable Anti-Corruption Laws; (ii) whether directly or indirectly, it has not made, offered, authorized, or accepted and will not make, offer, authorize, or accept any payment, gift, promise, or other advantage to or for the use or benefit of any Government Official or any other person where that payment, gift, promise, or other advantage would comprise a facilitation payment or otherwise violate the Anti-Corruption Laws and; (iii) it has maintained and will maintain adequate written policies and procedures to comply with Anti-Corruption Laws.
- 21.9 Each Signatory shall ensure it has in place internal procedures that reflect its obligations under this Rule 21.