

The Sea Cargo Charter

A uniform approach and message toward our business partners

As Signatory and member of the Sea Cargo Charter Association, we are proud to announce our commitment to addressing the environmental impacts of global seaborne trade. **The Sea Cargo Charter is a framework for assessing and disclosing the climate alignment of chartering activities around the globe.** As a member of the Sea Cargo Charter Association, we commit to collect the data that will allow us to calculate the climate alignment of our activities, for which we rely on a smooth collaboration with our business partners. This document aims at providing you with an overview of the Sea Cargo Charter, which data we will request, and how they will be treated.

More information and all documentations can be found on www.seacargocharter.org.

Why was the Sea Cargo Charter developed?

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 the society we serve. Therefore, all industry participants must play a role in addressing adverse impacts. Inspired by the launch of the Poseidon Principles¹ in June 2019, the Sea Cargo Charter was developed in **recognition of our role as charterers** in promoting responsible environmental stewardship throughout the maritime value chain.

Being a member of the Sea Cargo Charter Association brings us numerous benefits. Through the journey of collecting data and assessing our climate alignment, we gain access to valuable asset-level information that can be used to assess potential climate risks in the future and improve decision making at a strategic level. As a collective, the Sea Cargo Charter not only provides a snapshot of where the industry stands on its transition to meeting the ambition set by the IMO, but also significantly enhances transparency across the maritime value chain.

What is the Sea Cargo Charter?

Launched in October 2020, the Sea Cargo Charter is a framework for creating common, global baselines that are consistent with, and supportive of, broader societal goals. As such, it sets a standard for reporting emissions from chartering activities, thus enhancing transparency and supporting the alignment of our maritime activities with environmentally responsible practices.

The Sea Cargo Charter is consistent with the policies and ambitions of the International Maritime Organization (IMO), including its ambition to reduce shipping's total annual greenhouse gas (GHG) emissions by at least 50% by 2050 compared to 2008.

The Principles of the Sea Cargo Charter and their requirements

The Sea Cargo Charter is based on four Principles which set out the requirements for Signatories:

- 1. Assessment of climate alignment** - Signatories will, on an annual basis, calculate the GHG emission intensity and total GHG emissions, and will assess climate alignment (carbon intensity relative to established decarbonization trajectories) of their Chartering Activities.

¹ <https://www.poseidonprinciples.org>

- 2. Accountability** - For each step in the assessment of climate alignment, Signatories will rely exclusively on the data types, data sources, and service providers identified in the **Technical Guidance**².
- 3. Enforcement** - Signatories will agree to work with owners, disponent owners, and partners to collect and process the information necessary to calculate carbon intensity, total GHG emissions and assess climate alignment.
- 4. Transparency** - Signatories will publicly acknowledge their Signatory status of the Sea Cargo Charter and will publish the results of the climate alignment scores of chartering activities on an annual basis in line with the Technical Guidance.

Who is the Sea Cargo Charter for?

The Sea Cargo Charter is applicable to 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:

1. on time and voyage charters, including contracts of affreightment and parceling, with a mechanism to allocate emissions from ballast voyages,
2. and 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).³

What does this mean for our business partners?

Data sharing

As a Signatory, it is our expectation that our business partners will provide noon or voyage reports for each voyage undertaken, containing:

1. **Fuel type and consumption** for all bunker consumed by main propulsion, auxiliary machinery, boilers, gas combustion unit, inert gas generators and all primary energy consumers in metric tonnes over the preceding ballast and laden leg of interest.
2. **Actual distance sailed laden** with the charterer's cargo in nautical miles;
3. **Amount of cargo transported** in metric tonnes over the given voyage as per the bill of lading.

These data will be used to calculate the carbon intensity of our voyages using the **EEOI** (Energy Efficiency Operational Indicator). The selection of this single metric is guided by an ambition to use a carbon intensity metric which produces the closest measure of the voyage's true carbon intensity in operation, to a high level of granularity.

The Sea Cargo Charter Clause

To support the accurate assessment of climate alignment and to create an equal burden on all Signatories, the Sea Cargo Charter Association recommends the inclusion of the Sea Cargo Charter Clause as part of the charterparty agreement negotiated with the contractual counterparty. The Sea Cargo Charter Clause ensures that the appropriate data and information are 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.

To support data collection, various **Data Collection Templates** have been developed and can be found in footnote in the Clause. The Sea Cargo Charter Clause and Data Collection Templates are available on www.seacargocharter.org/resources/

² <https://www.seacargocharter.org/wp-content/uploads/2020/10/SCC-Brochure-V09.pdf>

³ [Until 31 December 2021, vessels under 5000 gross tonnage are excluded. Starting from 1 January 2022, vessels under 5000 GT are also included.](#)

The clause – and supporting definitions – is designed to be generic and broad in its nature (so as to be consistent with any charter party form or type of trade) and non-prescriptive (so as to reduce the impulse for amendment from contractual counterparties). It is hoped that this approach will maximize the appeal and widen the future endorsement of a charter party clause linked to the Sea Cargo Charter. While it is recommended, the usage of the Sea Cargo Charter Clause is not mandatory. We will ensure that the provision of the relevant data is conducted in a way that suits our and our business partners' needs best.

About data privacy

The information that we will report to the Sea Cargo Charter Association is aggregated by vessel categories (defined by type and size), such that **no confidential information is shared** between Signatories. Signatories neither report to the Secretariat of the Association who their business partners are nor their climate alignment at the voyage level, but exclusively their climate alignment scores at the vessel category level and for their total annual chartering activities.

Find more information on the Sea Cargo Charter website: www.seacargocharter.org