

The Sea Cargo Charter

A uniform approach and message toward our business partners

As a 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 of charterers and shipowners worldwide. 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 play a key role in enabling growth of global trade and global economic development. However, this has not been without some adverse social and environmental consequences unique to the maritime sector. The continued success of the maritime sector is intrinsically linked to the well-being and prosperity of society, and all industry participants must play a role in addressing the 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 and shipowners** 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. The Sea Cargo Charter not only provides a snapshot of where the industry stands on its transition to meeting the ambition set by the International Maritime Organization (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 climate goals. As such, it sets a standard for reporting emissions from chartering-in and chartering-out activities, thus enhancing transparency and supporting the alignment of our maritime activities with environmentally responsible practices.

The Sea Cargo Charter was until 2023 aligned with the ambition set by the IMO in its Initial Strategy in 2018 with a target of at least 50% reduction of GHG emissions by 2050 on 2008 levels. In July 2023, a revised Strategy for greenhouse gas (GHG) emissions from

international shipping was adopted by the IMO, which calls for the emissions from international shipping to drop to net-zero around 2050 compared to 2008 levels with interim targets in 2030 and 2040 on a well-to-wake basis put in place introducing higher ambition as well as differences in the emission boundaries to be considered.

There are four main elements that changed with the adoption of the new trajectory:

- Addition of minimum interim targets of 20% GHG reduction in 2030 and 70% GHG reduction in 2040 relative to 2008
- Addition of striving for interim targets of 30% GHG reduction in 2030 and 80% GHG reduction in 2040 relative to 2008
- A net-zero GHG target in 2050
- GHG reduction targets are to be on a well-to-wake CO₂e perspective

The signatories of the Sea Cargo Charter decided in November 2023 to align the Association's decarbonisation trajectories with the 2023 IMO GHG Strategy and to report against both the 'minimum' and the 'striving' targets of the interim checkpoints.

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

This principle provides step-by-step guidance for measuring the climate alignment of signatories' activities with the agreed climate ambitions. It establishes a common methodology for calculating the emissions intensity and total GHG emissions, and thus also provides the input needed to track the decarbonisation trajectories used to assess signatories' climate alignment.

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.

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 and collaboration between all relevant players in the charter party chain (charterers, shipowners, disponent owners and other business partners) in the process.

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.

Who is the Sea Cargo Charter for?

All charterers and shipowners that fulfil the below criteria are eligible to join the Sea Cargo Charter:

1. The Sea Cargo Charter welcomes all charterers and shipowners of ships in the dry bulk and tanker trades.
2. Eligible companies to join the Sea Cargo Charter are companies that occupy any position along the charterparty chain: charterers, sub-charterers, disponent owners with commercial control, registered owners with commercial control.
3. Companies that are not eligible for membership are (a) third-party management companies, which have no corporate relationship with the shipowning entity; and (b) shipowning entities that charter out the ship on bareboat charterparty terms.

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 parcelling, 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).¹

In recognition of the diversity of a charterers' and shipowners' roles, 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 maximise impact.

What does this mean for our business partners?

Data sharing

As a charterer 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
2. Actual distance sailed laden with the cargo in nautical miles;
3. Amount of cargo transported in metric tonnes over the given voyage as per the bill of lading.

As a shipowner signatory, we intend to use duly completed fuel emission reports for the purposes of the Sea Cargo Charter.

These data will be used to calculate the emissions intensity of our voyages based on the EEOI (Energy Efficiency Operational Indicator). The selection of this single metric is guided by an ambition to use an emissions intensity metric which produces the closest measure of the voyage's true emissions 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/

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 maximise 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