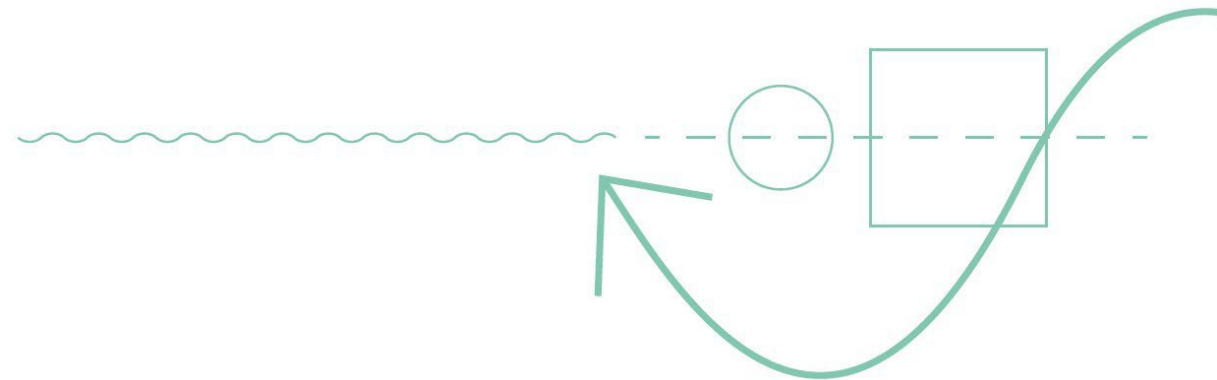




SEA CARGO CHARTER

Aligning global shipping
with society's goals



Overview

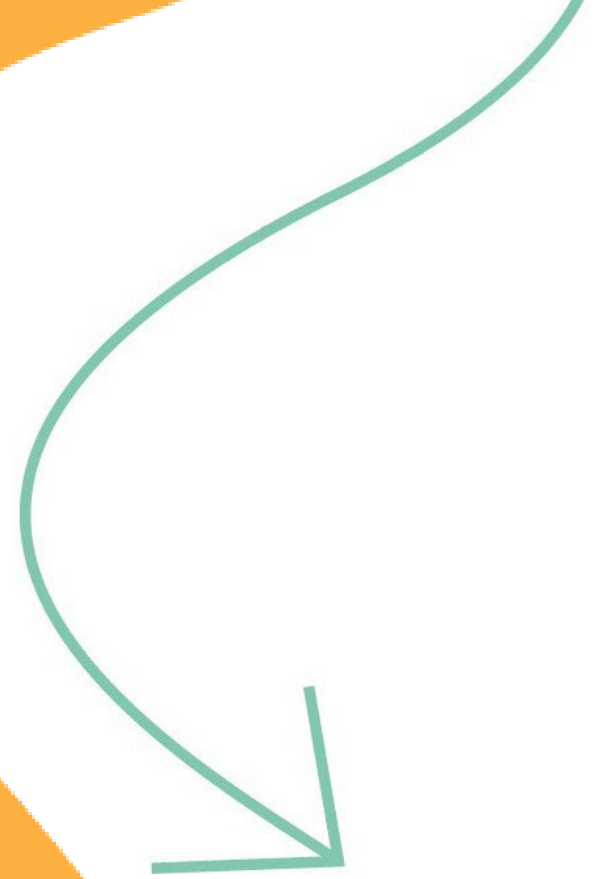
Objectives and scope

The principles

The Annual Disclosure Report

Becoming a signatory

Objectives and scope

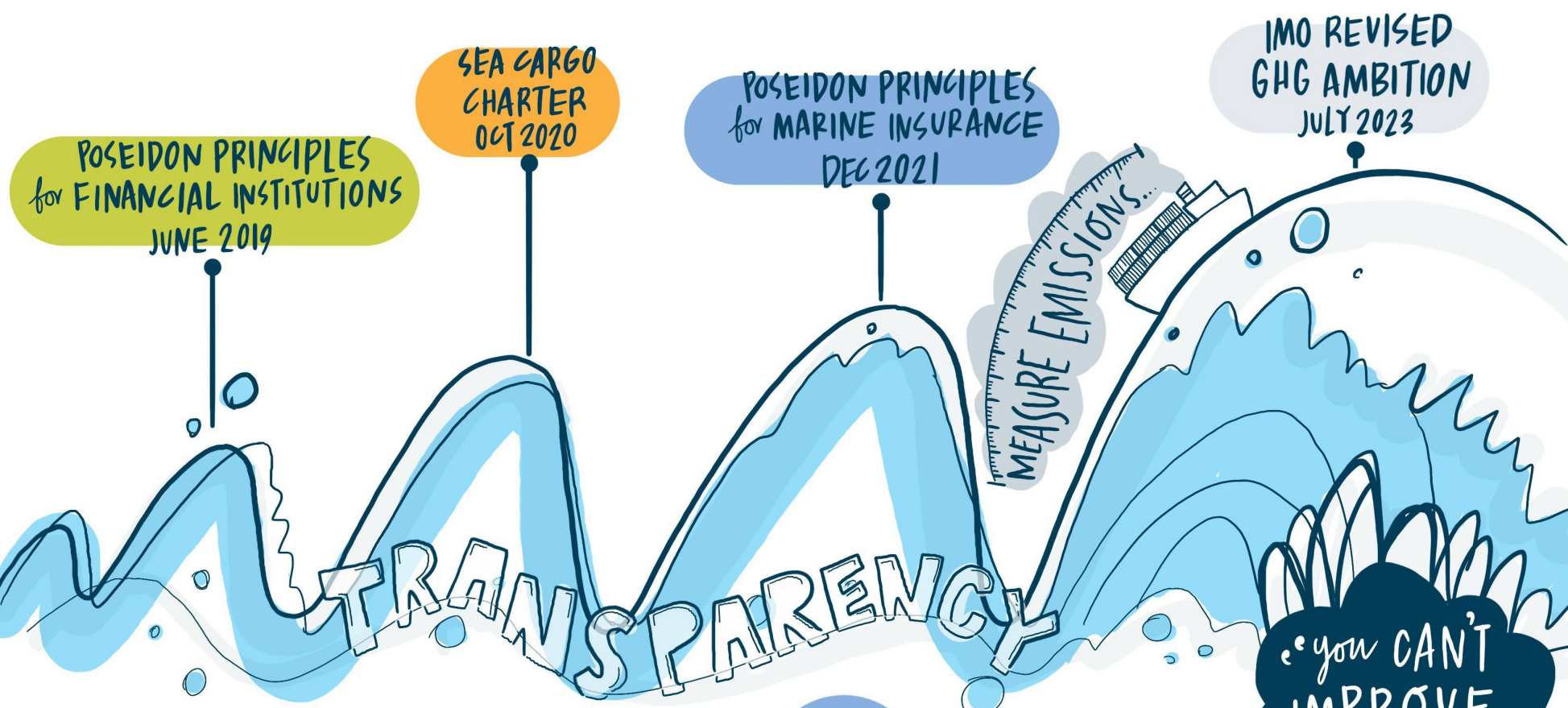


What is the Sea Cargo Charter?

The Sea Cargo Charter is a framework for assessing & publishing the climate alignment of chartering activities of charterers and shipowners.

- Setting a standard for reporting emissions
- Enhancing transparency
- Creating a global baseline to align our signatories' maritime activities to be more environmentally responsible

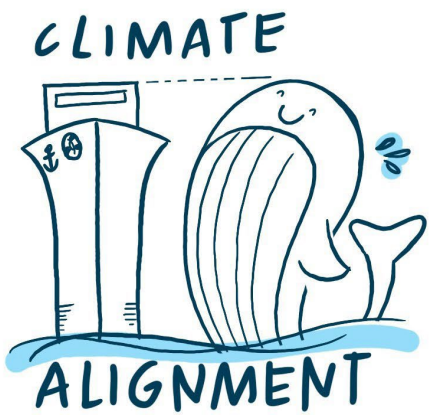
How did we get here?



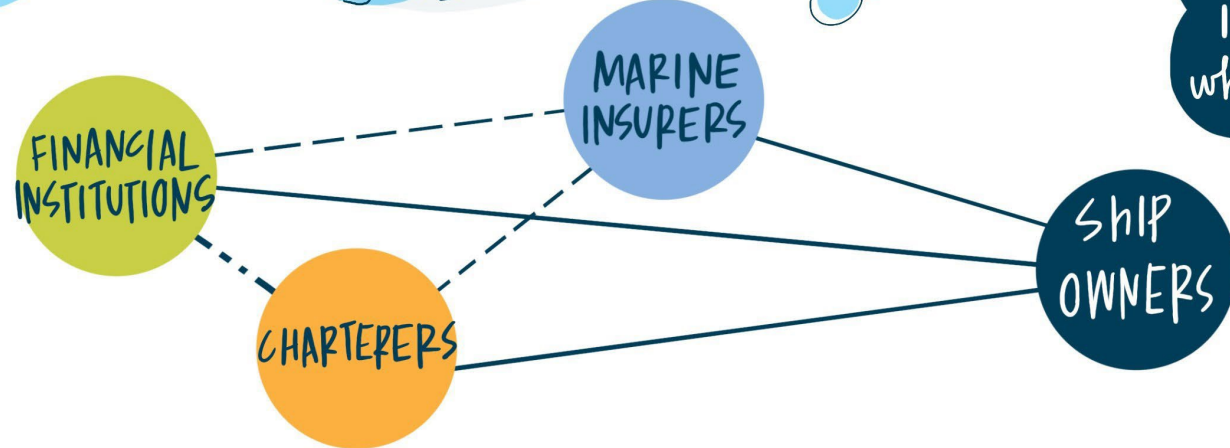
APRIL 2018
IMO SETS
INITIAL
AMBITION

APRIL 2018
GMF

TRANSPARENCY



the
ECOSYSTEM



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

How did we get there?

- April 2018: IMO Agreement sets level of ambition
- September 2018 & April 2019: Workshops in Singapore and Geneva to gather feedback from a broad group of stakeholders on the development of the Sea Cargo Charter
- June 2019: Launch of the Poseidon Principles
- October 2019: Drafting group kick-off meeting at the Global Maritime Forum Annual Summit in Singapore. Drafting begins on initial principles, now known as the Sea Cargo Charter
- March 2020–July 2020: Webinars to seek feedback on initial draft from a wider group of stakeholders, Drafting group finalises the Sea Cargo Charter
- 7 October 2020: Launch of the Sea Cargo Charter at the Global Maritime Forum Virtual High-Level Meeting
- July 2023: IMO adopts revised GHG Strategy with increased ambition
- November 2023: 37 SCC signatories endorse 2023 IMO GHG Strategy and decide to expand to shipowners
- August 2023– January 2024: A working group on the scope expansion is set up to update the framework to include shipowners. Shipowners are consulted in this process.
- April 2024: SCC expands its scope to shipowners

Our signatories

The drafting group

Industry



NORDEN



Supported by



Global Chartering

Global Chartering is a joint venture between ArcelorMittal and Drylog



35+



Who is the Sea Cargo Charter for?

Currently applied by signatories in **dry and wet bulk** chartering activities:

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

NEW:
Shipowners
invited to join
since April
2024!

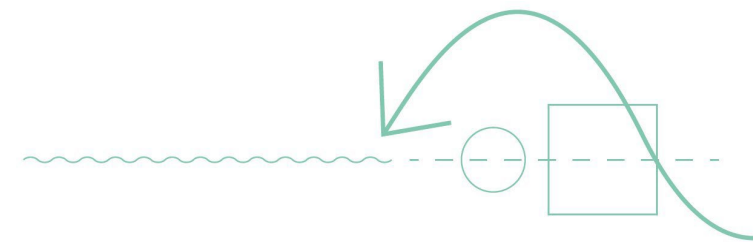
All charterers and shipowners are eligible to join:

- ✓ Those with interest in the cargo on board;
- ✓ Those who simply charter out the vessels they charter in;
- ✓ Disponent owners;
- ✓ Registered owners with commercial control;
- ✓ All charterers in a charterparty chain;
- ✓ Companies involved in pools.

Not in scope of the Sea Cargo Charter:

- ✗ Third-party management companies with no relationship to the shipowning entity
- ✗ Shipowning entities that charter out vessels on bareboat charterparty terms
- ✗ Owners of Special Purpose Vehicles

Reporting segments



CHARTERERS

SEGMENT C1 – Time chartering-in

SEGMENT C2 – Voyage chartering-in

SEGMENT C3 – Intermediate time charterer in a charterparty chain, or the bareboat charterer.

SEGMENT C4 – Owned vessels*

C1 & C2 are mandatory

C3 & C4 are optional*

OWNERS (NEW IN 2024)

SEGMENT S1 – Voyage chartering-out

SEGMENT S2 – Time chartering-out

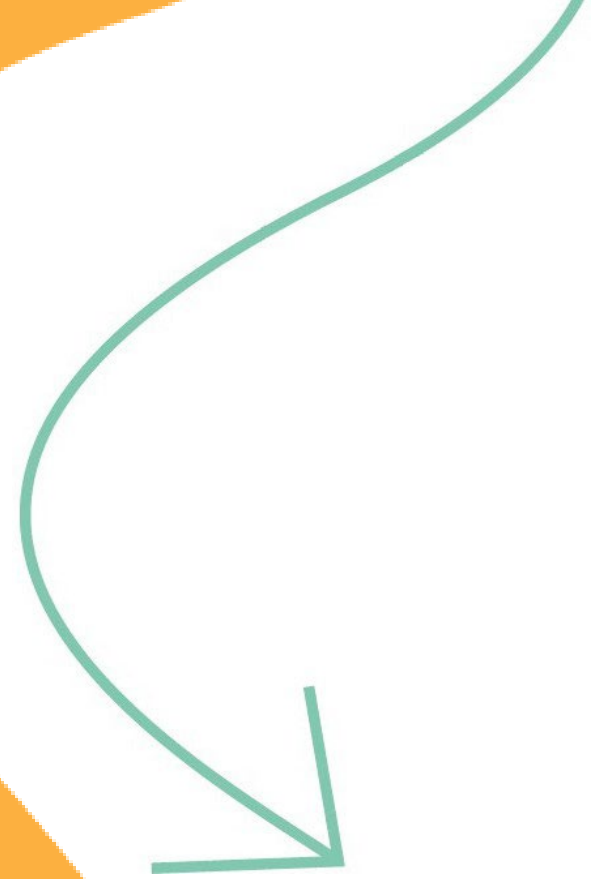
SEGMENT S4 – Chartered vessels*

S1 is mandatory

S2 & S4 are optional*

*As of the Annual Disclosure Report 2026 (on 2025 data), segments C4 and S4 will become mandatory, unless a voyage is time-chartered out.

The principles



Principles

Principle 1

Assessment

Signatories will measure the emissions intensity of their chartering activities on an annual basis and assess their climate alignment relative to established decarbonization trajectories.

Principle 2

Accountability

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

Principle 3

Enforcement

Signatories agree to work with all relevant players (charterers, owners, disponent owners and other business partners in the charter party chain) to collect and process the information necessary to emissions intensity and assess climate alignment.

Principle 4

Transparency

Signatories publicly acknowledge that they are a signatory of the Sea Cargo Charter and will publish the results of their climate alignment scores on an annual basis in line with the Technical Guidance.



**POSEIDON
PRINCIPLES**



**SEA CARGO
CHARTER**



**POSEIDON
PRINCIPLES**
FOR MARINE INSURANCE

Principle 1

Assessment



“

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

Our Commitment

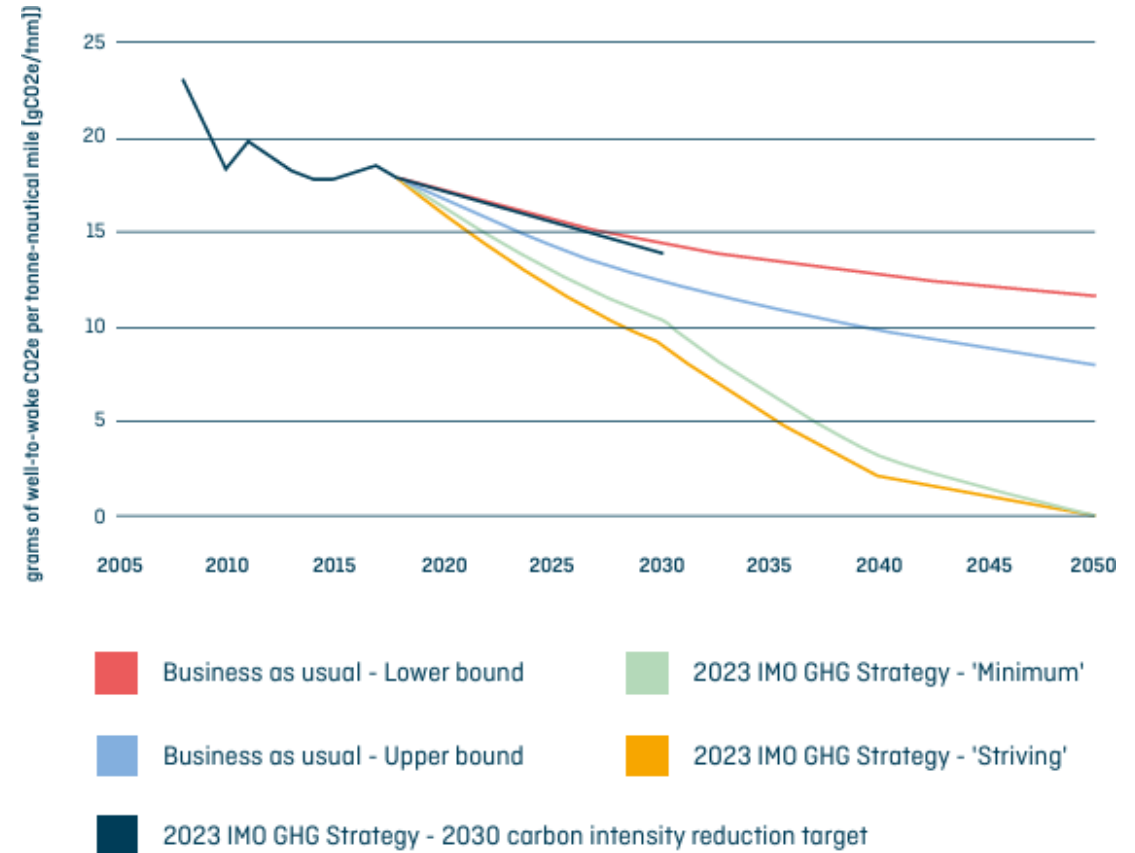
Signatories will measure the emissions intensity of their chartering activities on an annual basis and assess their climate alignment relative to established decarbonisation trajectories. This assessment is based on a robust industry appropriate methodology outlined in the Technical Guidance. The requirement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

2023 IMO GHG Strategy

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

With indicative checkpoints:

- to reduce the total annual GHG emissions from international shipping by at least 20%, striving for 30%, by 2030, compared to 2008
- to reduce the total annual GHG emissions from international shipping by at least 70%, striving for 80%, by 2040, compared to 2008

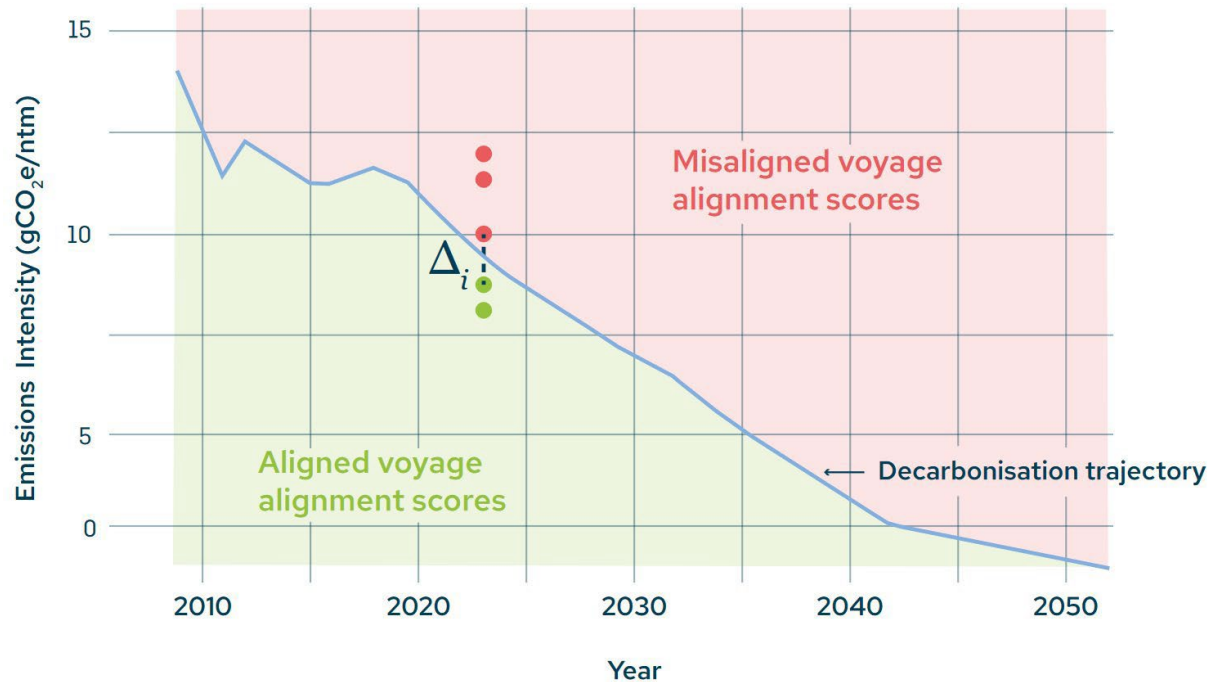


Global fleet's emissions intensity targets and trajectories derived from the 2023 IMO GHG Strategy (grams of well-to-wake CO₂e per tonne-nautical mile [gCO₂e/tnm])

Ambition of the Sea Cargo Charter

Calculating climate alignment

Climate alignment = degree to which the emissions intensity of a signatory's shipping portfolio is in line with decarbonisation trajectories that meet the 2023 IMO GHG Strategy ambition.



Decarbonisation trajectory

A decarbonisation trajectory is a representation of how many grams of CO₂e can be emitted to move one tonne of goods one nautical mile (gCO₂e/ntm) over a time horizon to be in line with the IMO absolute target.

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

EEOI metric to calculate emissions intensity

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

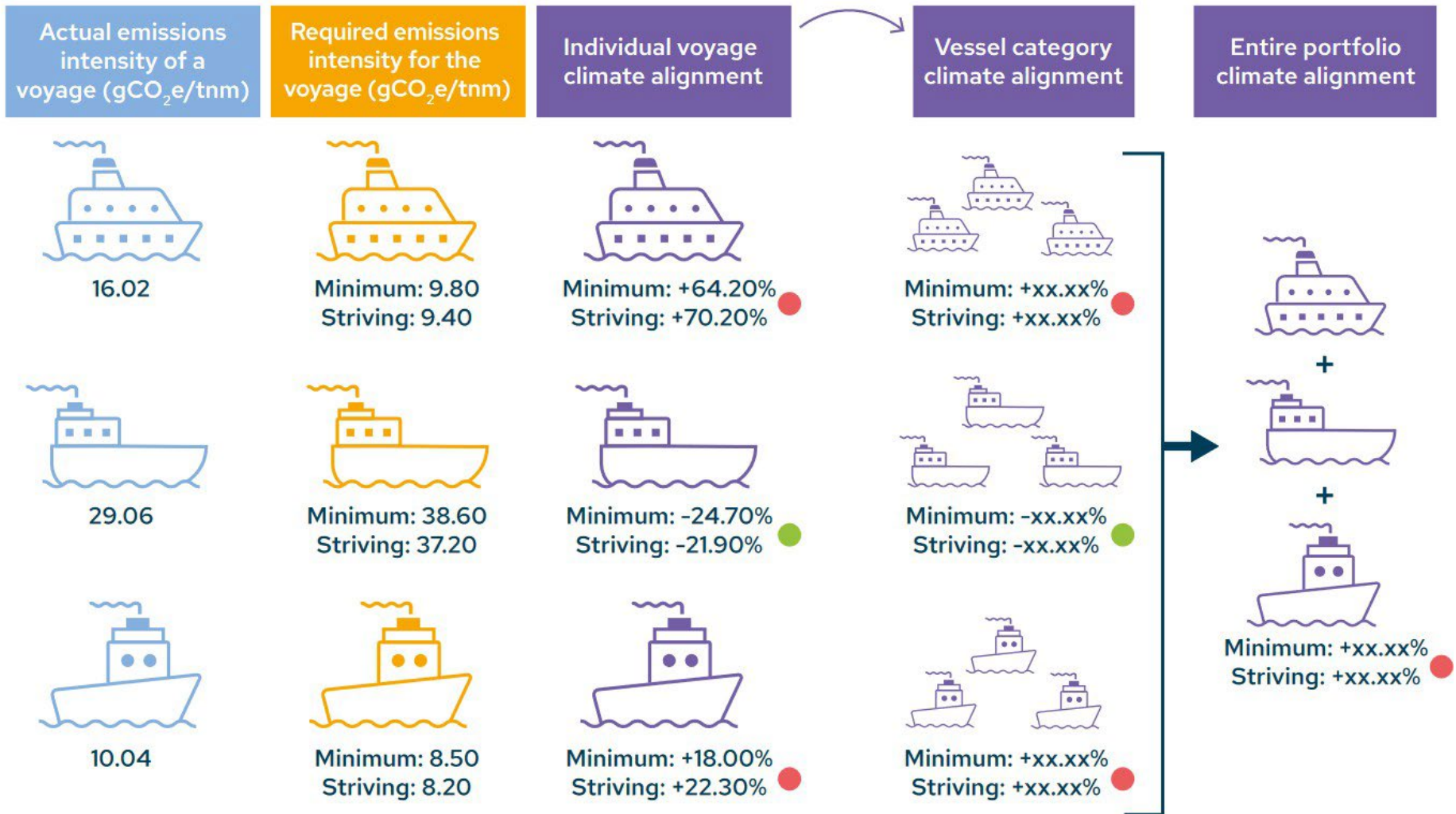
Data required:

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

Methodology in a nutshell

● Misaligned score ● Aligned score

From voyage to category alignment



Example

Principle 2 | Accountability



“

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

Our Commitment

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

Accountability Requirements

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

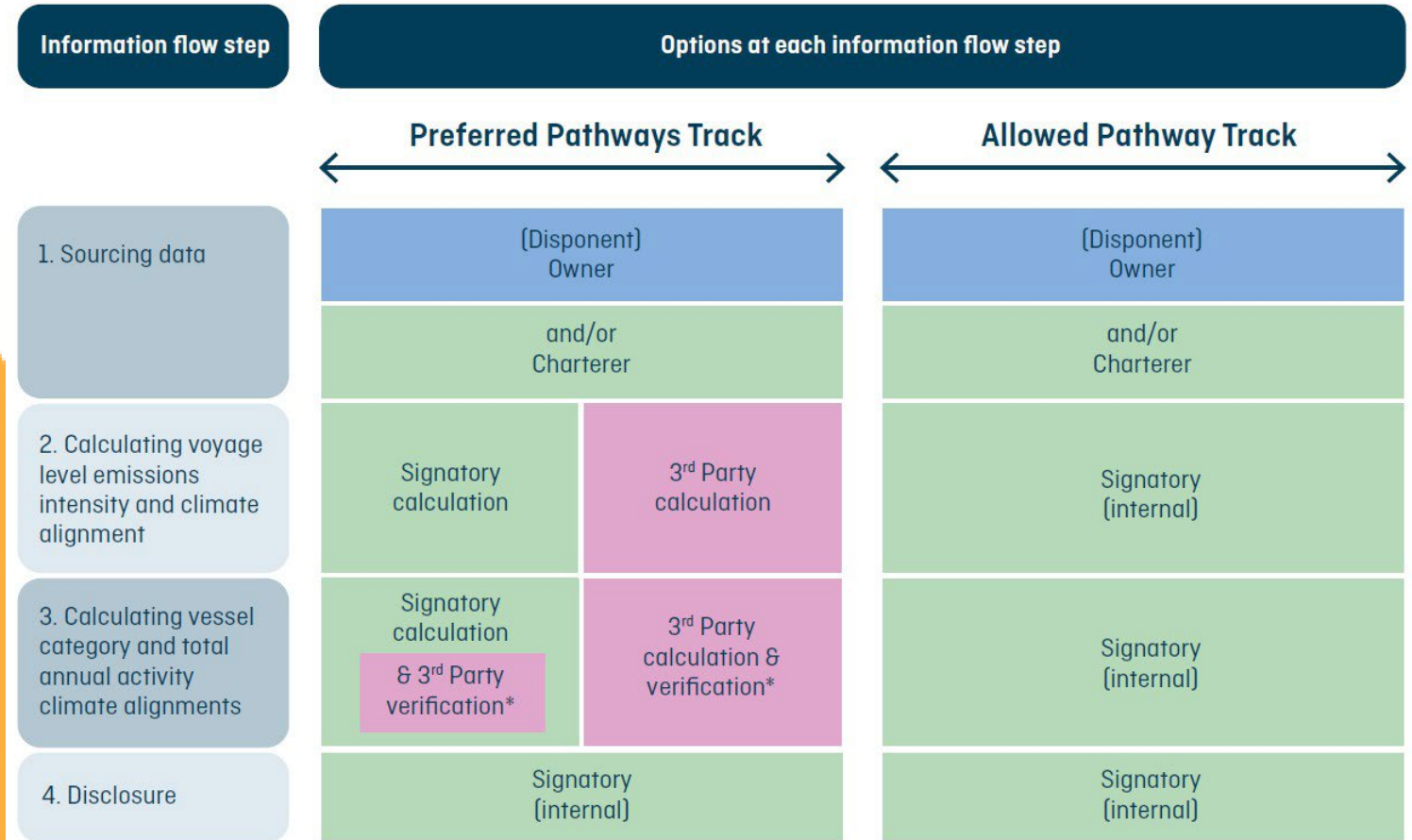
Step 1: Sourcing Data

Step 2: Calculating voyage level emissions intensity & alignment

Step 3: Calculating climate alignment of chartering activities

Step 4: Disclosure

- Two pathways:
 - Preferred pathway is recommended – includes verification mechanisms to maintain data veracity.
 - Allowed pathway – does not include verification mechanisms

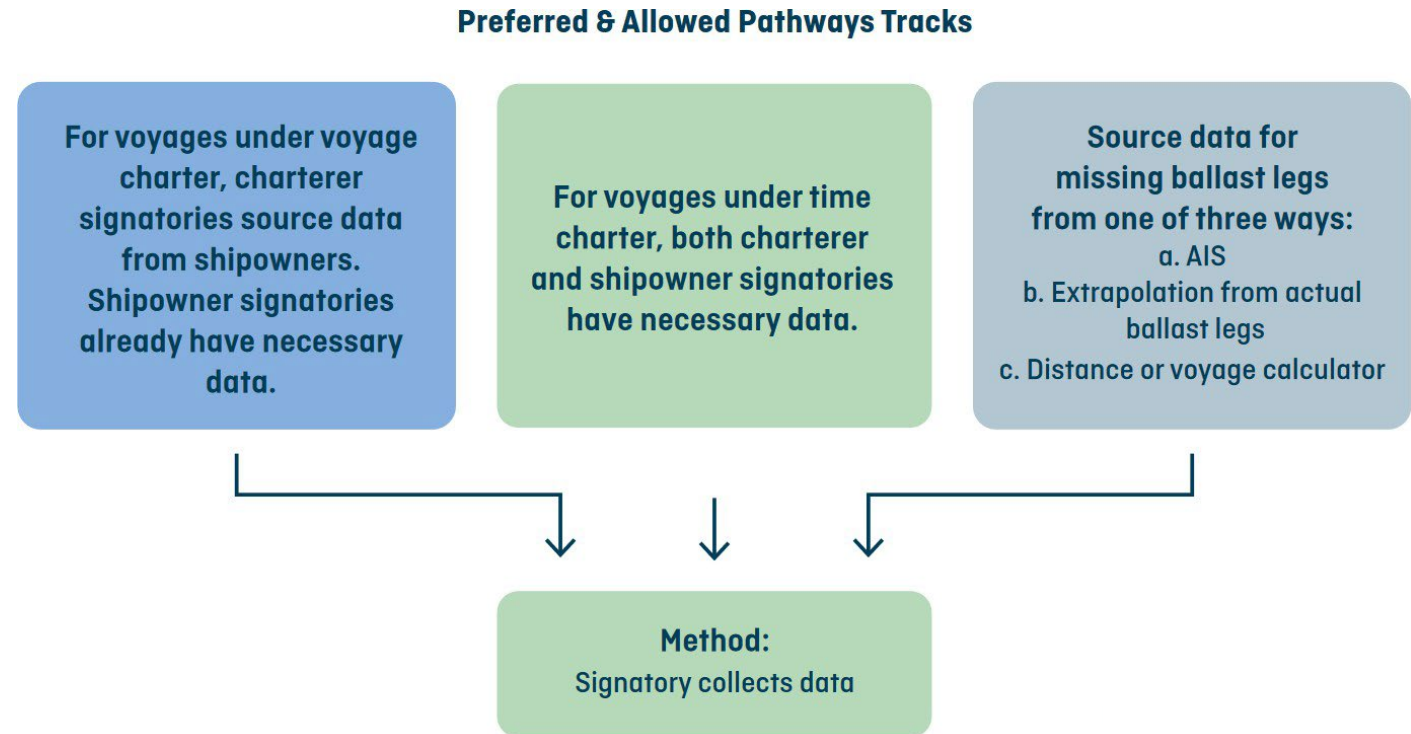


*E.g. using the Indicative Verification Guidelines provided by the signatory

Accountability

Step 1: Sourcing Data

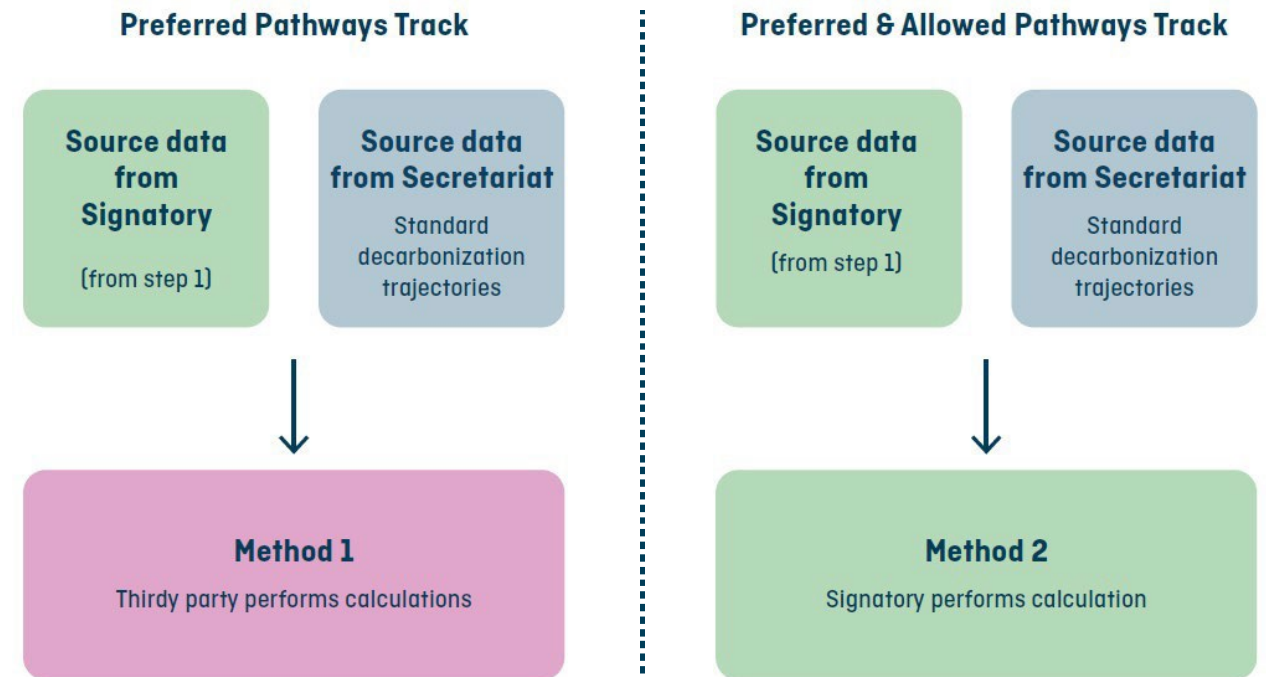
- One method for both pathway tracks
- Data sourced from:
 - Owner ■ voyage charter (together with noon/voyage reports)
 - Charterer & owner ■ time charter
 - Estimated data ■ missing ballast legs
- Ensured by a recommended charter party clause



Accountability

Step 2: Calculating voyage level emissions intensity & alignment

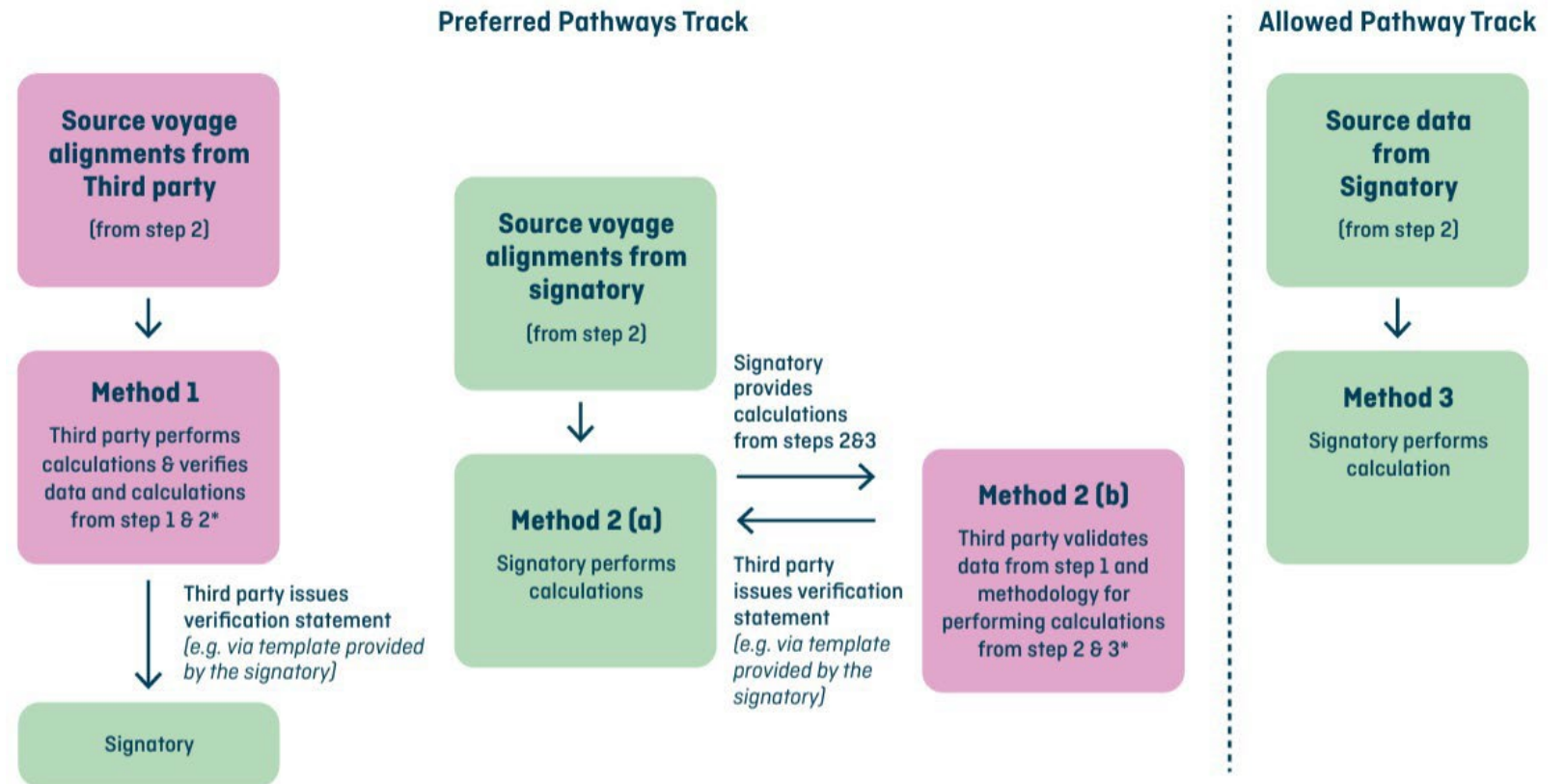
- Calculation of:
 - Voyage emissions intensity (EEOI)
 - Voyage decarbonisation delta
- 2 methods for undertaking the calculations: either internally by the signatory itself or by a third party.
- Source standard decarbonisation trajectories from the Secretariat.



Accountability

Step 3: Calculating climate alignment of chartering activities

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



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

Accountability

Step 4: Disclosure

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

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

Becomes public

- Vessel category climate alignment
- Total annual activity climate alignment
- Scope's segments included in eligible reporting chartering activities
- The proportion of activities reported and non-reported, against % of signatory's eligible reporting chartering activities (calculated out of the total number of voyages)
- Proportion of eligible reporting chartering activities for which preferred pathway was used (calculated out of the total number of voyages), and the name of the service provider

Only shared with Secretariat and other signatories

- Percentages of eligible chartering activities for which measured and estimated data were used, and the source for estimated data
- Whether the signatory has used or shared with its service provider the Sea Cargo Charter's Indicative Verification Guidelines and Verification Statement
- The Verification Statement (if applicable)

Principle 3 | Enforcement



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

Our Commitment

Signatories will agree to work with relevant players (charterers, owners, disponent owners and other business partners in the charterparty chain) to collect and process the information necessary to calculate emissions intensity, total GHG emissions and assess climate alignment.

Meeting enforcement requirements

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



Principle 4 | Transparency



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

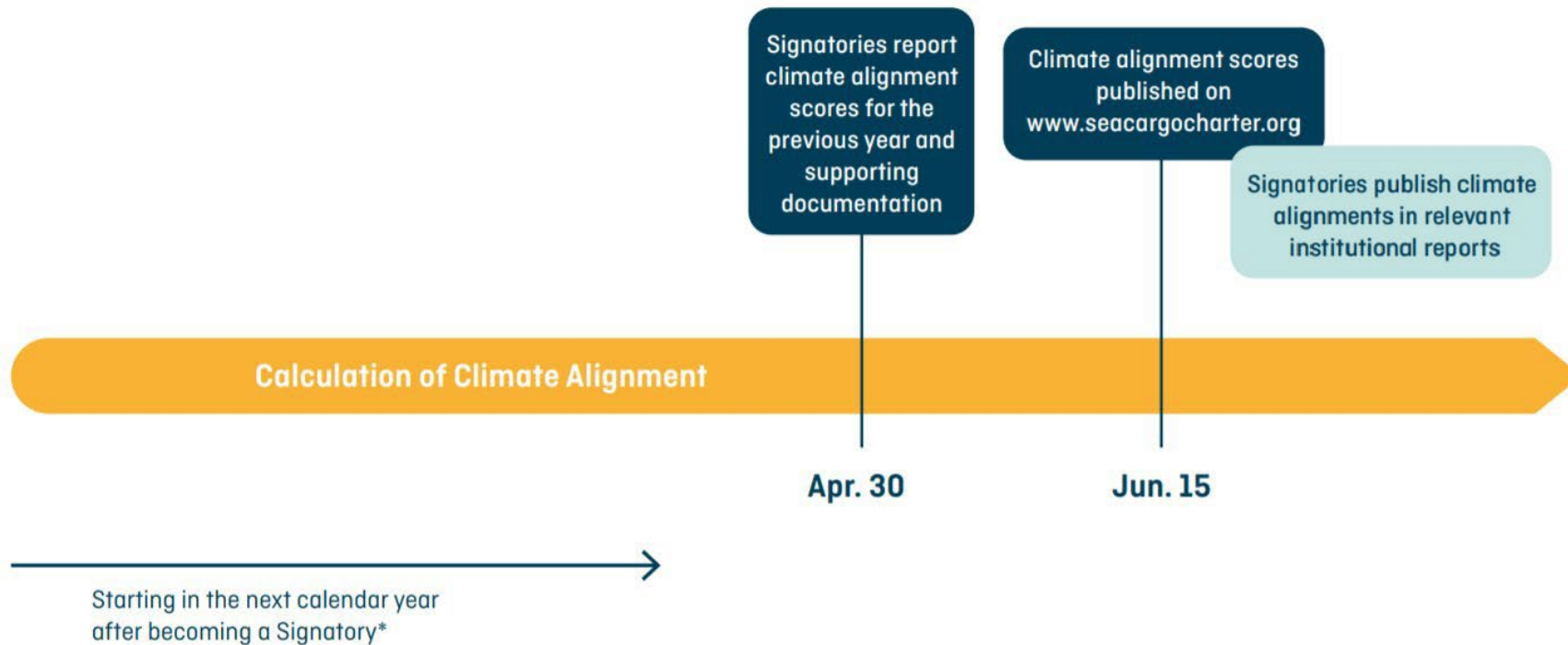
Our Commitment

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

The Annual Disclosure Report



Reporting timeline



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

Annual Disclosure Report

- Each year, signatories publish the climate alignment of their shipping activities
- Climate alignment published at the vessel category level and the overall portfolio level
- Transparent on which segments are included or excluded
- Signatories provide some context to go along with their scores
- Annual Disclosure Report 2024 published 13 June 2024

Find the latest report [here](#).

Fulfilling the signatory requirements

Signatory name

Founding signatory as of October 2020
Reporting period: Q1, Q2, Q3, Q4 of 2023

What are your key takeaways from your climate alignment score?

In 2023 the Sea Cargo Charter adopted the revised IMO GHG strategy agreed at the MEPC 80 meeting in July 2023. The increased ambition level includes a net zero target by 2050 with minimum interim reduction targets of 20% by 2030 and 70% by 2040. This report marks the first year of benchmarking against the new targets. The results illustrate the high ambition the IMO has set already in the near term.

How does the Sea Cargo Charter influence your business activities and decision-making?

The Sea Cargo Charter and its methodology continue to help ADM in identifying the carbon intensity of its maritime activities. This year's new trajectories mark the start of an increased ambition of the Sea Cargo Charter, which will further positively influence our decisions in our owned-, time- and voyage charter activities.

Aggregated alignment score for overall portfolio

Vessel category alignment scores

welcomes Sea Cargo Charter's adoption of the updated IMO Green House Gas strategy. This is a much-needed move in order to increase the ambition of the maritime industry and reach net zero by 2050. It will be a long journey for the industry and more action is needed, but we are moving in the right direction.

Sea Cargo Charter. Annual Disclosure Report 2024

Annual activity climate alignment scores:
Minimum 30.7% Striving 37.0%



Vessel category climate alignment scores

Bulk carrier	Minimum	Striving	Liquefied gas tanker	Minimum	Striving
0-9999 dwt	43.0%	49.9%	0-4,999 dwt	N/A	N/A
10000-34999 dwt	40.1%	46.9%	5,000-9,999 dwt	N/A	N/A
35000-59999 dwt	32.5%	38.9%	10,000-19,999 dwt	N/A	N/A
60,000-99,999 dwt	30.7%	37.1%	20,000-59,999 dwt	N/A	N/A
100,000-199,999 dwt	53.8%	61.3%	60,000-79,999 dwt	N/A	N/A
200000+ dwt	N/A	N/A	80,000-119,999 dwt	N/A	N/A
Chemical tanker			120,000-199,999 dwt	N/A	N/A
0-4,999 dwt	N/A	N/A	200,000+ dwt	N/A	N/A
5,000-9,999 dwt	6.4%	8.7%			
10,000-19,999 dwt	-36.3%	-35.0%			
20,000-39,999 dwt	-0.7%	1.4%			
40000+ dwt	-3.8%	-1.8%			

Segment 1 Only time charterer & final time charterer	Segment 2 Voyage charterer	Segment 3 Intermediate time charterer & bareboat charterer	Segment 4 Owned vessels
Included	Included	Excluded	Excluded

Becoming a signatory



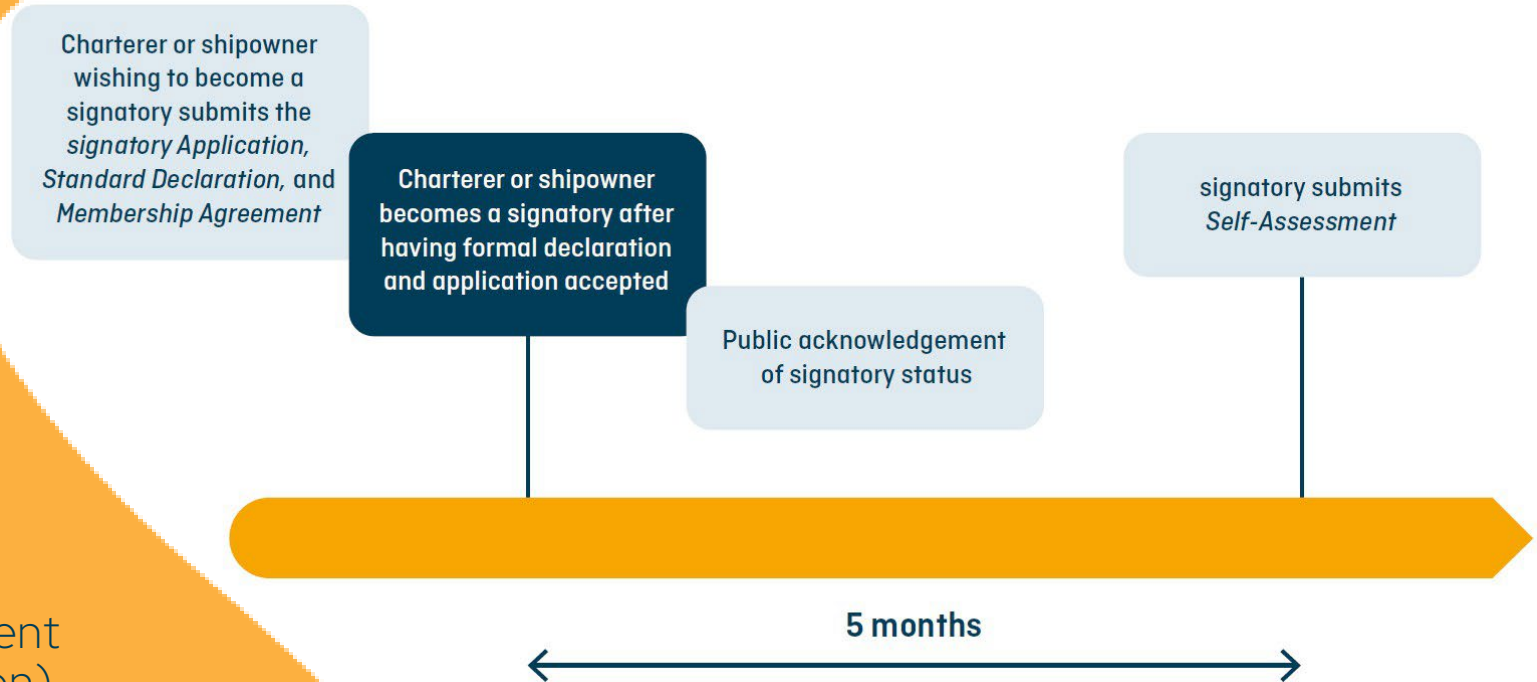
How to become a signatory

STEP 1

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

STEP 2

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



Fees

There are two different kinds of fees:

Signatory Fee

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

€10,000 in 2024

Annual Fee

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

€8,500 in 2024



Why should you join

- Commitment: Show commitment to transparency and emission reporting in shipping
- Methodology: Report in line with a recognised global standard for emission reporting & benchmark progress against international climate goals
- Network: Share experience, discuss emerging topics and learn from industry peers who are leading charterers & shipowners
- Insights: Assess and better understand your emissions data – get actionable insights
- Decarbonisation: A catalyst for starting or improving decarbonisation of your shipping business

THANK YOU

Please send any questions to the Secretariat
of the Sea Cargo Charter Association at:
info@seacargocharter.org

Resources & more information can be found
at:
www.seacargocharter.org
[LinkedIn](#)

