

ETS – EMISSION SCHEME TRANSFER OF ALLOWANCES CLAUSE FOR VOYAGE CHARTER PARTIES 2023

Notwithstanding any other provision in this Charter Party, the Owners and the Charterers (the "Parties" and each individually a "Party") agree as follows:

"Emission Allowances" means an allowance, credit, quota, permit or equivalent, representing a right of a vessel to emit a specified quantity of greenhouse gas emissions recognised by an Emission Scheme.

"Emission Scheme" means a greenhouse gas emissions trading scheme which for the purposes of this Clause shall include the European Union Emissions Trading System and any other similar systems imposed by applicable lawful authorities that regulate the issuance, allocation, trading or surrendering of Emission Allowances.

"Voyage(s)" means any voyage(s) or shipment(s) performed by the Vessel to meet any obligation under the Charter Party from **[insert load port(s)]** to **[discharge port(s)]** including a ballast voyage from [insert ballast port or location]. **

**If the load port(s), discharge port(s) and ballast port or location are not inserted in this definition, the default shall be that "Voyage(s)" means any voyage(s) or shipment(s) performed by the Vessel to meet any obligation under the Charter Party up until the completion of final discharge of cargo including any ballast voyage and any laden legs performed.

(a) The Parties hereby agree:

(i) The quantity of Emission Allowances corresponding to the Vessel's emissions under this Charter Party shall be **[insert quantity]**.

(ii) By the date on which freight (or any other initial freight payment) falls due under this Charter Party or within **[X]*** days of sailing from the load port, whichever is sooner, the quantity of Emission Allowances agreed by the Parties in subclause (a)(i) shall be transferred by the Charterers and received into the Owners' nominated Emission Scheme account.

(b) If the quantity in subclause (a)(i) is left blank, then the following provisions in this subclause (b) shall apply:

(i) By no later than the first day of the laycan, the Owners shall notify the Charterers in writing of the estimated quantity of Emission Allowances corresponding to the Vessel's estimated emissions for the Voyage(s).

(ii) By the date on which freight (or any other initial freight payment) falls due under this Charter Party or within **[X]*** days of sailing from the load port, whichever is sooner, the estimated quantity of Emission Allowances as notified by the Owners pursuant to subclause (b)(i) shall be transferred by the Charterers and received into the Owners' nominated Emission Scheme account.

(iii) No later than **[X]*** days after completion of final discharge of cargo, the Owners shall notify the Charterers in writing of the actual quantity of Emission Allowances for the Voyage(s) performed in accordance with this Charter Party. Such notification shall include the relevant calculations and the data used to establish the quantity of Emission Allowances.

(iv) If the actual quantity of Emission Allowances notified by the Owners as per subclause (b)(iii) is higher or lower than the estimate of Emission Allowances notified by Owners under subclause (b)(i) and transferred by the Charterers under subclause (b)(ii), any difference in the quantity of Emission Allowances shall be transferred by the Charterers to the Owners' nominated Emission Scheme account or returned by the Owners to the Charterers' nominated Emission Scheme account as the case may be, within **[X]*** days after receipt of the Owners' written notification as per subclause (b)(iii).

(c) Upon receipt of the full quantity of Emission Allowances set out in subclause (a) or (b), as applicable, and subject always to subclause (d), the Owners shall have no right of recourse against the Charterers in respect of the costs arising from the surrender of Emission Allowances corresponding to the Vessel's emissions under the scope of the applicable Emission Scheme for the Voyage(s) performed under the Charter Party.

(d) Subclauses (a) to (c) are without prejudice to the Owners' right to recover from the Charterers any costs arising from the surrender of Emission Allowances to the applicable Emission Scheme for the Voyage(s) performed under the Charter Party resulting solely from the Charterers' breach of the Charter Party.

(e) If the Charterers fail to transfer any quantity of Emission Allowances in accordance with this Clause, such failure shall be deemed as non-payment of freight under this Charter Party.

(f) The Owners shall be solely responsible for compliance with any applicable Emission Scheme including (without limitation) the surrender of Emission Allowances corresponding to the Vessel's emissions under the scope of the applicable Emission Scheme for the Voyage(s) performed under the Charter Party.

**If number of days is not inserted in subclauses (a)(ii), (b)(ii), (b)(iii) and (b)(iv), the default shall be 14 (fourteen) days.*