

BIMCO FuelEU Maritime Clause for SHIPMAN 2024 and Explanatory Notes

Notwithstanding any other provision under this Agreement, the Owners and the Managers (the "Parties") hereby agree as follows:

"Compliance Balance" means the measure of the Vessel's over- or under-compliance with regard to the limits of the yearly average GHG Intensity of the energy used on board by the Vessel during Voyages within the scope of FuelEU Maritime, which is calculated in accordance with Part A of Annex IV of FuelEU Maritime.

"Compliance Balance Statement" means the information and calculations for a Reporting Period, and including (without limitation) the Compliance Balance, as calculated and recorded by the Verifier as set out at Article 16(4) and Article 26 of Implementing Regulation 2024/2027.

"FuelEU Database" means any electronic database for the monitoring and recording of compliance with FuelEU Maritime established by the European Commission.

"FuelEU Document of Compliance" means the document issued by a Verifier or, where applicable, the competent authority of the administering State, confirming that the Vessel has complied with FuelEU Maritime for the applicable Reporting Period.

"FuelEU Maritime" means Regulation (EU) 2023/1805 of the European Parliament and of the Council, governing the use of renewable and low-carbon fuels in maritime transport, and amending Directive 2009/16/EC as amended from time to time, including all implementing acts and delegated acts and regulations.

"FuelEU Monitoring Plan" means the Vessel's monitoring plan in accordance with FuelEU Maritime.

"FuelEU Penalty" means the penalty in respect of a Reporting Period calculated in accordance with FuelEU Maritime taking into account, where applicable under this Clause, any multiplier as set out in Article 23(2).

"FuelEU Report" means a report as referred to in Article 15(3) submitted in respect of the Vessel and recorded in the FuelEU Database.

"FuelEU Services" means the services provided by the Managers to the Owners under this Clause in performance of the Agreement.

"FuelEU Verification Report" means a verification report as referred to in Article 16 in respect of either a FuelEU Report or Partial FuelEU Report which has been issued by the Verifier and recorded in the FuelEU Database.

"GHG Intensity" means the amount of GHG emissions per megajoule (MJ) of the fuels and energy, expressed in grams of CO₂ equivalent units (gCO₂eq/MJ), used on board the Vessel under the scope of FuelEU Maritime, calculated in accordance with the methodology set out in Annex I of FuelEU Maritime.

“Partial FuelEU Report” means a report for a Partial Reporting Period as referred to in Article 15(4) submitted in respect of the Vessel and recorded in the FuelEU Database.

“Partial Reporting Period” means a part of a Reporting Period where there is a change in the company (as defined in FuelEU Maritime) during the same calendar year.

"Pool Verifier" means the legal entity carrying out verification activities and accredited in accordance with FuelEU Maritime which has been selected to verify the allocation of the total pool compliance balances in a pool including the Vessel, and which might not be the Verifier.

"Reporting Period" means a period from 1 January to 31 December of the year during which information referred to in FuelEU Maritime is monitored and recorded.

“Verification Period” means the calendar year following a Reporting Period.

"Verified Compliance Balance" means the Compliance Balance verified by the Verifier (and the Pool Verifier, as applicable) and recorded in the FuelEU Database in respect of a Reporting Period after accounting for the application (as applicable) of the banking of the Vessel's compliance surplus or borrowing of an advance compliance surplus between Reporting Periods under Article 20 or the pooling of the Compliance Balance under Article 21.

“Verifier” means the legal entity carrying out verification activities and accredited in accordance with FuelEU Maritime which has been mutually agreed between the Owners and the Managers to verify the relevant information and data of the Vessel relevant to the FuelEU Database and produce the FuelEU Verification Reports, Compliance Balance Statement and the Verified Compliance Balance (other than in respect of pooling).

“Voyage” means a voyage as defined in Article 3, point (c), of Regulation (EU) 2015/757.

Unless specified otherwise, references to Articles and Annexes in this Clause are to those provided for in FuelEU Maritime.

FUELEU MARITIME CLAUSE FOR SHIPMAN 2024

(a) The Parties acknowledge that the Vessel is required to comply with FuelEU Maritime and that the Managers (or the Managers' nominee) shall be the responsible compliance entity for the Vessel in accordance with FuelEU Maritime.

(b) Where Delivery occurs after 1 January 2025, the Owners shall, by no later than [X*] days prior to Delivery, provide the Managers with estimates of all relevant underlying information and data to be contained in a Partial FuelEU Report (where applicable) which shall be complete to the best of the Owners' knowledge together with any relevant information recorded in the FuelEU Database including the previous two Reporting Periods (where applicable). Thereafter, the Owners shall provide to the Managers a copy of the Partial FuelEU Report no later than one month after Delivery and the corresponding FuelEU Verification Report together with any supporting information, verification assessment(s), data and documentation latest seven (7) days after receipt from the Verifier.

(c) In consultation with the Owners, the Managers shall prepare and submit a FuelEU Monitoring Plan for the Verifier's approval. The Managers shall review the FuelEU Monitoring Plan regularly and if necessary, update and/or modify it. The Owners shall promptly notify the Managers if any fuels or energy to be supplied to the Vessel are not reflected in the FuelEU Monitoring Plan following which the Managers shall promptly seek to update and/or modify and re-submit the FuelEU Monitoring Plan to the Verifier for approval.

(d) The Owners shall provide to the Managers: (i) bunker delivery notes (BDNs) and electricity delivery notes (EDNs) for fuels and energy supplied to the Vessel; and if applicable, (ii) any associated documentation and/or certification recognised under FuelEU Maritime to the satisfaction of the Verifier in order to meet the sustainability and GHG emissions saving criteria set out under FuelEU Maritime and to obtain any benefit when applying the emission factors set out in Annex II and calculating the GHG Intensity. The Managers shall be entitled to rely on and accept no responsibility for the accuracy of the data and information recorded in any of the BDNs, EDNs and in any associated documentation and/or certification which are to be submitted to the Verifier as well as for the Owners' failure to supply the same.

(e) The Managers shall on a [monthly/per Voyage**] basis provide to the Owners, together with all supporting calculations, the estimates of:

- (i) the aggregated Compliance Balance of the Vessel incurred in the then current Reporting Period; and
- (ii) upon request, the projected aggregated Compliance Balance taking into account any banked compliance surplus or advance compliance surplus borrowed from a previous Reporting Period

based on information and documentation available at that point in time. Any estimates of the aggregated Compliance Balance as set out in subclause (e)(i) shall be validated by a third party if required by the Owners at their expense.

(f) The Managers shall continuously monitor and record the Vessel's GHG Intensity and all other relevant information and data required under FuelEU Maritime during a Reporting Period and shall promptly provide the Verifier with a FuelEU Report (or, where applicable, a Partial FuelEU Report) in accordance with FuelEU Maritime together with all supporting documents and information as requested by the Verifier.

(g) The Managers shall promptly notify the Owners of the outcome of the verification of the FuelEU Report (or, where applicable, a Partial FuelEU Report) by the Verifier and provide the Owners with a copy of the FuelEU Verification Report together with the Compliance Balance Statement when available.

(h) Where this Agreement is terminated, the Managers shall, by no later than [X*] days prior to the Vessel's date of redelivery, provide the Owners upon request with estimates of the underlying information and data to be contained in a Partial FuelEU Report together with any relevant information recorded on the FuelEU Database. Thereafter, the Managers shall provide to the Owners a copy of the Partial FuelEU Report no later than one month after redelivery and the corresponding FuelEU Verification Report together with any supporting information, verification assessment(s), data and documentation latest seven (7) days after receipt from the Verifier.

(i) The Managers shall periodically monitor the Managers' potential exposure to a FuelEU Penalty for the Vessel.

(i) The Parties shall agree on the appropriate form and amount of security, which may be adjusted from time to time, to be provided by the Owners to cover the Managers' corresponding exposure (if any) to the reasonable satisfaction of the Managers. Such security shall be agreed by the Parties and received by the Managers within [X*] days of the Managers' written request failing which the Managers may terminate this Agreement immediately by providing written notice to the Owners.

(ii) Any security provided by the Owners to the Managers under this Clause shall:

(1) be held to the credit of the Owners unless the Managers are required to use the security to meet the Managers' obligations owed for the Vessel under FuelEU Maritime, in which case the Parties shall agree on the appropriate form and amount of replacement security to be provided by the Owners in accordance with subclause (i)(i); and

(2) in no way prejudice the Owners' obligation to provide the Managers in a timely manner with sufficient funds required to fulfil the Managers' obligations for the Vessel under FuelEU Maritime.

(iii) Upon termination of this Agreement, any security or replacement security provided to the Managers in accordance with this subclause shall either be returned to the Owners or cancelled (as appropriate) within [X*] days of the termination date unless such security or replacement security is still required to meet the Managers' obligations under FuelEU Maritime in respect of the

applicable Verification Period, in which case such security or replacement security shall be released following receipt of the Owners' payment under subclause (k)(i) or, where no FuelEU Penalty is payable, upon issuance of the FuelEU Document of Compliance for the corresponding Reporting Period, whichever is earlier.

(j) In respect of each Compliance Balance Statement:

(i) Unless otherwise agreed in writing by the Parties, it is expressly understood that any rights, ownership, entitlements and decisions in respect of the banking, borrowing and pooling of the Compliance Balance, as well as to the identity and appointment of the Pool Verifier (as applicable) shall vest exclusively in the Owners (or the Owners' nominee) who shall be at liberty to direct, control and allocate the Compliance Balance as they see fit in accordance with FuelEU Maritime.

(ii) No later than [X*] days prior to 30 April of the Verification Period, the Owners (or the Owners' nominee) shall provide instructions and directions to the Managers as to the application and/or allocation of the Compliance Balance in respect of borrowing, banking and/or pooling as well as to the identity and appointment of the Pool Verifier.

(iii) The Managers shall promptly follow the Owners' (and where applicable, the Owners' nominee and/or any third parties nominated by the Owners in writing) instructions and directions in respect of borrowing, banking and/or pooling of the Compliance Balance in accordance with subclause (j)(ii).

(iv) The Owners shall bear the risk, liability, benefit and costs arising out of or in connection with the afore-mentioned instructions and directions including any failure to provide such instructions and directions under this subclause (j).

(v) Once the Verified Compliance Balance is available, it shall be communicated by the Managers to the Owners as soon as reasonably practicable.

(k) Where, in respect of the Verified Compliance Balance, it is determined under FuelEU Maritime that:

(i) a FuelEU Penalty is payable, the Managers shall promptly notify the Owners of such FuelEU Penalty and the Owners shall transfer a sum equivalent to the FuelEU Penalty to the Managers by no later than [X*] days before the FuelEU Penalty falls due. Subject to the timely receipt of such funds, the Managers shall pay the FuelEU Penalty promptly thereafter and provide the Owners with a copy of the FuelEU Document of Compliance as soon as reasonably practicable; or

(ii) no FuelEU Penalty is payable, the Managers shall provide the Owners with a copy of the FuelEU Document of Compliance as soon as reasonably practicable.

(l) Where this Agreement is terminated between 1 January and 30 June of a Verification Period, and the Managers (or the Managers' nominee) were the responsible compliance entity on 31 December of the previous Reporting Period, the Managers shall remain responsible for complying with its obligations under this Clause. In the event that satisfactory security or replacement security has not been agreed or extended, the Owners shall advance the funds required for payment of the estimated FuelEU Penalty and these funds shall be received on or before termination of this Agreement. Where funds in excess of a FuelEU Penalty have been paid by the Owners or if no FuelEU Penalty is ultimately payable pursuant to the Verified Compliance Balance, the Managers shall promptly return any balance of funds to the Owners.

(m) The Owners shall pay to the Managers a fee for the FuelEU Services if not included in the annual management fee or in Annex C (Budget): **[state fee and payment frequency***]**.

(n) Without prejudice to the Managers' right to terminate this Agreement in accordance with subclause (i) above:

(i) the Managers shall be entitled to terminate the Agreement with immediate effect by giving notice to the Owners if any monies payable by the Owners under subclause (k) and/or (m) are not received in the Managers' nominated bank account within ten (10) days of receipt by the Owners of the Managers' written request; and

(ii) in any other circumstances, if either Party fails to meet their obligations under this Clause, the other Party may give notice to the Party in default requiring it to remedy such failure. Should the Party in default fail to remedy the failure within a reasonable time to the reasonable satisfaction of the other Party, that Party shall be entitled to terminate this Agreement with immediate effect by giving notice to the Party in default.

(o) It is expressly agreed that the rights and obligations of the Parties set out in this Clause shall survive the expiration or termination of the Agreement unless or until the Parties have fulfilled or satisfied their respective obligations under FuelEU Maritime.

**If number of days is not inserted in subclauses (b), (h), (i)(i), (i)(iii), (j)(ii) and/or (k)(i) the default shall be ten (10) days.*

***If no selection is made under subclause (e), the default shall be "per Voyage".*

**** If no amount is stated in subclause (m), such fee shall be assumed to be included in the annual management fee.*

BACKGROUND

The FuelEU Maritime Regulation is a part of the EU's "Fit for 55" package intended to fight climate change by reducing greenhouse gas emissions in shipping. It aims to achieve a reduction in the EU's net greenhouse gas emissions by at least 55% by 2030. It supplements the EU Emissions Trading System, CII ratings and other decarbonisation initiatives.

FuelEU Maritime sets well-to-wake greenhouse gas (GHG) emission intensity requirements on energy used on board ships trading in the EU from 2025. The yearly average greenhouse gas (GHG) intensity of all energy used on board, measured as GHG emissions per energy unit (gCO_{2e}/MJ), needs to be below a required level. The GHG emissions are calculated from a well-to-wake perspective, including emissions related to extraction, cultivation, production, transportation of the fuel and emissions from energy used on board the ship. Under the Regulation, vessels' GHG intensity rating is to be reduced in steps, with a 2% reduction in 2025 and up to, ultimately, an 80% reduction by 2050.

In the context of FuelEU Maritime, the role of the ship manager is of great importance due to the fact that the ISM (International Safety Management) company remains the responsible entity under this regulation, regardless of whether this entity is the registered owner, bareboat charterer, or a third-party technical manager such as a ship manager. Whereas with the EU ETS, the EU was entrusted to interpret the term "shipping company", no such mandate was given under FuelEU Maritime.

Drafting Team

The FuelEU Maritime Clause for SHIPMAN 2024 is the result of a collaborative and consensual process between owners, managers and legal experts. BIMCO is grateful to the drafting team for their considerable time, effort and commitment in producing the FuelEU Maritime Clause for SHIPMAN 2024:

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As part of the development work, the subcommittee consulted a large group of stakeholders engaged in shipping and decarbonisation. BIMCO would like to thank them all for their support and valuable input to the process.

EXPLANATORY NOTES

These explanatory notes are intended to provide an insight into the thinking behind some of the key subclauses in the FuelEU Maritime Clause for SHIPMAN 2024. They also explain how the clause is intended to operate and the allocation of responsibilities and costs between the parties.

Key Features of the Clause

Definitions

BIMCO FuelEU Maritime Clause for SHIPMAN 2024

“FuelEU Penalty”: the reference to the “multiplier in this definition is to address situations where a vessel has a compliance deficit for two consecutive reporting periods or more during the charter period. Under Article 23(2) of FuelEU Maritime, the penalty shall be multiplied by $1 + (n - 1)/10$, where n is the number of consecutive reporting periods for which the vessel is subject to a FuelEU penalty.

“GHG Intensity”: the baseline is 91,16 g CO₂ equivalent per MJ based on the MRV data for voyages performed to, between or from the EU/EEA. Under FuelEU Maritime, the vessels’ GHG intensity rating is to be reduced in steps, with a 2% reduction in 2025 and up to, ultimately, an 80% reduction by 2050.

“Verification Period”: in practice, this will include the following key steps as of the date of issuance of this clause:

- **31 January 2026 (thereafter, by 31 January every following year)** of the verification period: the data and information monitored and recorded for the previous reporting period should be submitted to the verifier as a FuelEU report for each vessel. Subsequently, the report submitted will be assessed and verified by a FuelEU verifier, and the GHG intensity and verified compliance balance of the vessel will be recorded in the FuelEU database by **31 March 2026 (thereafter, by 31 March every following year)**.
- **30 April (thereafter, by 30 April every following year)** of the verification period: any borrowing and pooling can only be registered in the FuelEU database after the FuelEU report has been verified and recorded in the FuelEU database by the verifier. Such registration shall be done no later than 30 April of the verification period.
- **30 June (thereafter, by 30 June every following year)** of verification period:
if the vessel has positive compliance balance, banking of such can be registered before issuance of the FuelEU Document of Compliance (i.e. 30 June). If the vessel has a zero or positive compliance balance meaning that the vessel meets the GHG intensity limit (89,34 grams of CO₂ equivalent per MJ for the period 2025-2029) applicable for the relevant reporting period, the verifier will issue the FuelEU Document of Compliance.

If the vessel has a negative compliance balance i.e. a deficit, the Owners shall pay the FuelEU penalty for that reporting period and the competent authority of the administering state will issue the FuelEU Document of Compliance.

“Voyage”: is defined under FuelEU Maritime by reference to the EU MRV (Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC) which states that it is any movement of a vessel that originates from or terminates in a port of call.

It is important to note that the FuelEU Maritime applies differently to the following three types of voyages (Article 2(1)):

- **Intra-European Union (EU)/European Economic Area (EEA) Voyages:** in respect of the entirety of (100%) the fuels/energy used on voyages between ports of call under the jurisdiction of EU/EEA Member States.
- **Voyages to or from Outermost Regions:** for voyages that start or end in an outermost region under the jurisdiction of a Member State, FuelEU Maritime applies to vessels in respect of 50% of the fuels/energy used.
- **International Voyages:** for voyages between a port of call under the jurisdiction of a EU/EEA Member State and a port of call under the jurisdiction of a third country (or vice versa), FuelEU Maritime applies to vessels in respect of 50% of the fuels/energy used.

A "port of call" under FuelEU Maritime (as of the date of issuance of this clause) means a port where vessels stop to load or unload cargo or to embark or disembark passengers. However, the following are not considered a "port of call" (Article 3(10) of FuelEU Maritime):

- The ship stops in the port only for the purpose of:
 - refuelling
 - obtaining supplies
 - crew relief
 - dry-dock
 - making repairs to the ship and/or its equipment
 - taking shelter from adverse weather
- If the ship stops in the port because it is in need of assistance or in distress
- If the stop is rendered necessary by search and rescue activities
- If ship-to-ship transfers are carried out outside the port
- If containerships stop in a neighbouring container transshipment port which is listed in the implementing act under Article 2(2) of FuelEU Maritime.

Subclause (a)

Both owners and charterers are to acknowledge that the vessel needs to comply with FuelEU Maritime. The managers (or its nominee) shall be the responsible compliance entity meaning they shall fulfil certain obligations under the regulation; however, they are not responsible for ensuring compliance. The rationale here being that the ship manager is not the entity taking decisions regarding the types of fuel and energy supplied, nor borrowing, banking and pooling.

Subclause (b)

This subclause is intended to provide transparency for the managers of the vessel's FuelEU Maritime history. It could be a partial FuelEU report covering part of a reporting period and/or the previous two reporting periods – depending on the circumstances. At the start of 2025, there would be no information recorded/within scope for the last two reporting periods. Furthermore, if the vessel has not traded to, from or within the EU/EEA, there would not be any voyages within scope of FuelEU Maritime.

Under the BIMCO FuelEU Maritime clause, there is a requirement for the owners to provide the partial FuelEU report to the managers within one month (mirroring the regulatory requirements for the previous DOC holder to upload such report) while the verified FuelEU report is to be provided seven days after such FuelEU report is received.

Subclause (c)

The parties should work together to prepare the FuelEU Monitoring Plan as the owners will have information regarding intended compliance strategies including expected types of fuel and energy to be supplied. The managers are required to submit the FuelEU Monitoring Plan under the regulation. It is important to note that owners need to notify the managers if there are any changes that need to be recorded in the FuelEU Monitoring Plan so that the managers have an opportunity to update and/or modify and re-submit as required.

Subclause (d)

This subclause is intended to enable owners to supply biofuels and other alternative fuels so that they can take the benefits in FuelEU Maritime calculations stated in FuelEU Maritime and to allow managers to receive the relevant bunker documentation required by FuelEU Maritime for monitoring and reporting. To this effect, the owners are to provide managers with BDNs/EDNs in accordance with FuelEU Maritime and, if owners supply fuels other than fossil fuels (e.g. biofuels and other alternative fuels like green methanol) and wish to take the benefit of lower emission factors in FuelEU Maritime calculations, they should provide the required documentation, sustainability certification and generally the documentation and information mentioned in FuelEU Maritime. The managers will do the monitoring and reporting based on the information received and will not be responsible for the accuracy of the data and information or failure of owners to provide such information.

Subclause (e)

This subclause is intended to allow the parties to agree on a frequency on which the aggregated compliance balance and potentially the projected aggregated compliance balance is provided. This allows owners to be regularly updated and to keep track of the aggregated compliance balance during each reporting period. Furthermore, this notification will enable the owners to determine their strategy on dealing with FuelEU Maritime.

For the sake of clarity, the “aggregated Compliance Balance” is the cumulative compliance balance of the vessel at any point in time during each reporting period split into per month/per voyage basis. This may not be identical to the monthly compliance balance. An example where reporting is made on a monthly basis is illustrated below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
monthly Compliance Balance	-50	+20	+20	0	0	-10	-40	+10	+20	-10	+10	+20
aggregated Compliance Balance	-50	-30	-10	-10	-10	-20	-60	-50	-30	-40	-30	-10

The aggregated compliance balance effectively represents the managers’ exposure to payment of the FuelEU penalty as the responsible compliance entity. An independent third-party validator may

validate the information used in the calculation of the aggregated compliance balance to ensure accuracy at the owners' request and expense. Furthermore, it is important to note that the projected aggregated compliance balance is not to be validated as this is a future estimate to assist owners in their decision-making. The independent third-party validator could be a FuelEU verifier or another service provider offering similar services relating to FuelEU Maritime.

Subclause (h)

This subclause mirrors the wording of subclause (b) to ensure that the new managers will always receive the vessel's FuelEU Maritime history for them to be informed and able assess the FuelEU exposure (if any).

Subclause (i)

Under this subclause, the managers should periodically monitor their exposure to a FuelEU penalty. The subcommittee has not further specified the frequency of such as it is for the managers to decide since they are the ones who are in the best position to assess the exposure taking into account the vessel's trading patterns, business relationship and FuelEU strategy etc.

In subclause (i)(i), the parties are to agree on the form and amount of security though this does not have to be agreed at the outset/when entering into the ship management agreement as the provision of security should match the exposure and if the vessel has not previously traded within scope of FuelEU Maritime e.g. outside the EU/EEA, there is no exposure at the time of delivery into management. The security amount may need to be adjusted/reconciled periodically as it should correspond to the managers' exposure over time. If the security to cover Managers' corresponding exposure is not received within the agreed number of days of the managers written request, then the managers are entitled to terminate the agreement immediately as this is considered a material breach of the agreement.

If the managers need to apply the security to meet their obligations under FuelEU Maritime, the owners are to provide additional security. Subclause (i)(ii)(1) was also included to deal with the situation of insolvency of the managers where monies advanced as security should return to the owners. However, it is important to note that insolvency is dealt with differently in different jurisdictions and it is therefore important to consider in the context of the applicable jurisdiction. Where a FuelEU Penalty is payable, subclause (i)(ii)(2) is intended to make clear that the owners are to transfer sufficient funds to cover such penalty and not to rely on the security to cover any penalties payable.

When the ship management agreement is terminated, any security (including replacement security) should be returned to the owners or cancelled within the agreed time under subclause (i)(iii) as there is no longer any exposure for the managers. However, where there is a continuing exposure for managers, the managers are entitled to hold onto such security (or replacement security) until either payment of the FuelEU penalty or where no penalty is payable, upon issuance of the FuelEU Document of Compliance. It is important to note that subclause (l) applies where the agreement is terminated between 1 January and 30 June and the managers were the responsible compliance entity on 31 December of the previous reporting period.

Subclause (j)

Subclause (j)(i) makes it clear that the owners have the rights to make all decisions relating to banking, borrowing and pooling of the compliance balance generated under the reporting period. It is also the owners that are to appoint the pool verifier. The pool verifier will not replace the verifier but shall be the entity responsible for verifying the allocation of compliance balance between the vessels within a pool.

While owners have all such rights, they shall provide such instructions in a timely manner which is for the parties to agree and insert in subclause (j)(ii), however, if no number is inserted then the default is 10 days. When considering the number of days to insert, parties should be mindful of the time needed for registration of instructions received by the managers in the FuelEU database and in some cases, such instructions may ultimately come from the charterers via the owners. The reason for the default being 10 days is to align with the existing provisions of SHIPMAN 2024. It is worth noting that the default for the owners to provide to the charterers information regarding the aggregated compliance balance under the FuelEU Maritime Clause for Time Charter Parties 2024 is 7 days. The owners may therefore wish to align the timing if they intend to utilise both clauses.

The owners are entitled to take any benefits from banking, borrowing and pooling and consequently bear any costs or risk of such.

Subclause (k)

This subclause covers two scenarios:

(i) where there is a FuelEU penalty, then the owners should transfer the funds within the time agreed so that the managers can pay the FuelEU penalty to the competent authority of the administering state in order to obtain the FuelEU Document of Compliance; and

(ii) where there is no FuelEU penalty, then the managers shall provide the owners with the FuelEU Document of Compliance.

Subclause (l)

Where the managers were the responsible compliance entity on 31 December of the previous reporting period, they will continue to be the responsible compliance entity for the previous reporting period even if the agreement is terminated. It is therefore the managers that will be responsible for fulfilling the obligations under FuelEU Maritime. As the managers remain the responsible compliance entity, security also needs to be put in place either by extending existing security or advancing funds prior to termination. Once the final outcome is known then the parties are to settle any difference between any estimated and actual FuelEU penalty paid and return any funds or security that have not been applied.

Subclause (n)

This subclause distinguishes between termination under subclause (i) and situations where monies are not paid by the owners under subclause (k) and/or (m) – where immediate termination is also permitted for material breach; as opposed to other types of breach where the defaulting party will be given an opportunity to remedy the default within a reasonable time before the agreement can be terminated. The wording in subclause (n)(ii) mirrors clause 31 of SHIPMAN 2024.

Copyright and Availability

Copyright in the FuelEU Maritime Clause for SHIPMAN 2024 is held by BIMCO.