

# HOW DO WE SETTLE EU ETS COSTS?

**WHAT'S ON THE HORIZON OF THE MARITIME INDUSTRY?**



P. 4

**Impact on spot  
shipments**

P. 6

**Impact on contract  
of affreightment**

P. 8

**Impact on  
time charter**

# Summary

# This is the EU ETS

## European Union Emission Trading System

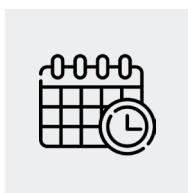
2

From 2024 onwards the shipping sector will participate in the EU's 'Emission Trading System' (ETS). This means that the entity controlling a vessel, which measures more than 5.000 gross ton, will have to purchase and remit allowances (emission rights) in order to be allowed to emit CO<sub>2</sub>.



### Threshold

Only for vessels which measure more than 5.000 GrossTon (GT)<sup>(1)</sup>



### Phased introduction

Introduction will be phased in from 2024 onwards (40 % in 2024, 70 % in 2025, 100 % in 2026)



### Payment

100% payment for intercontinental voyages, 50% payment for travel to and from Europe



### Discount

Discount of 5% for ice classed vessels

### HOW TO CALCULATE THE EU ETS COSTS

$$\text{ETS} = \frac{\text{Fuel consumption}^{(1)} * \text{CO}_2 \text{ factor}^{(2)} * \text{year-rate}^{(3)}}{\text{Trading within or from/to Europe}^{(4)}} * \text{ice class discount}^{(5)} * \text{CO}_2 \text{ price}$$

**(1) Fuel consumption** is determined by the average speed of a vessel (kts), the total distance between loading port and discharging port and the fuel consumption of a vessel per day.

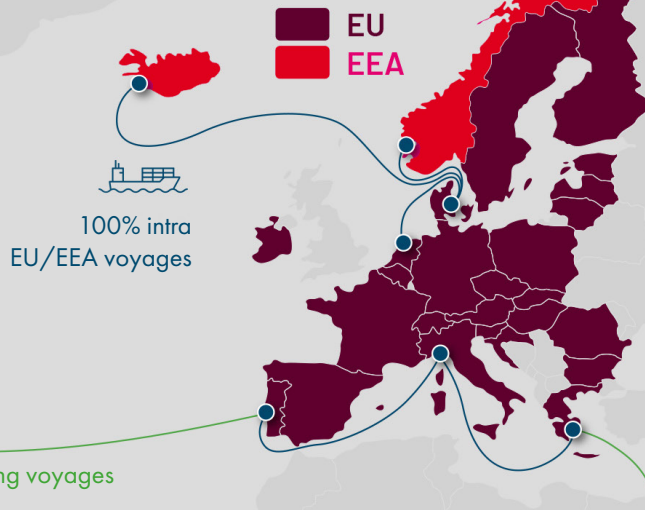
**(2) CO<sub>2</sub> emission factor**  
1 mton HFO = 3,114 mton CO<sub>2</sub>  
1 mton VLSFO = 3,151 mton CO<sub>2</sub>  
1 mton MGO = 3,206 mton CO<sub>2</sub>

**(3) Phased introduction**  
2024: 40%  
2025: 70%  
2026 onwards: 100%

**(4) Trade**  
Within EU: 100%  
From/to EU: 50%

**(5) Discount**  
Ice class: 5%

The EU ETS applies to all EU member states and the European Economic Area (EEA) including Norway, Iceland and Liechtenstein. Please note: the United Kingdom is not included in EU ETS.



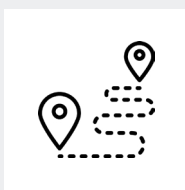
In the Netherlands, this system is regulated by the Dutch Emissions Authority (NEa). In each EU-country the responsible company – which has for now been defined as the entity controlling the vessel – should hold an operating account with their local emission authority to remit allowances.

In recent months Wagenborg has prepared for the introduction of EU ETS. Wagenborg and others shipowners will be held accountable for the number of allowances to be remitted through the well-known 'Monitoring Reporting and Verification' system of the EU (with an additional check by the applicable Emission Authority). Please see Appendix B (page 11) for an example document of compliance issued by Bureau Veritas.

The way EU ETS will affect your business with Wagenborg, depends on the type of contract you have with Wagenborg. The costs of the allowances to be remitted, will have to be settled between shipowner and customer. The costs made during ballast will be for Wagenborg (excluding time charters).

At Wagenborg, we discern three contract-types. On the following pages we explain per contract type how Wagenborg will be dealing with EU ETS.

### WE DEFINED 3 TYPES OF CONTRACT



#### Spot

More information on page 4



#### Contract of affreightment

More information on page 6



#### Time Charter

More information on page 8

# Impact of EU ETS on **Spot shipments**

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You want to ship your cargo from A to B quick, simple and without hassle. Or you don't feel like dealing with all the administration that comes with a COA, then spot shipments through Wagenborg are a solution.

## **HOW WAGENBORG HANDLES INVOICING FOR SPOT SHIPMENTS**

Based on the details of the shipment, you will receive an invoice after loading your cargo, just like you are used to. On this invoice we show the freight rate and your shipped cargo quantity. All cost components, such as fuels and emissions costs (EU ETS), are included in the gross freight.

## **HOW EU ETS IS IMPLEMENTED IN THE INVOICE**

We will incorporate the costs of the required allowances compensating the CO<sub>2</sub> emissions of your voyage in the freight rate. After completion you will receive detailed information showing type and amount of consumed fuel as well as the emitted tons of CO<sub>2</sub>.

## **WHAT WILL YOU NOTICE ABOUT THE EU ETS?**

In short: not much. The method of invoicing will not change compared to the current system, only a customer-specific voyage overview will be sent after the voyage with the details. These details include information such as CO<sub>2</sub> emissions, port calls (EU or non-EU) and fuel consumption per fuel type. This report can be used for your GHG Scope 3 reporting. Please see Appendix A (page 10) for an example.



The method of invoicing **will not change** compared to the current system.



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Swift RABONL2U  
Account no. 38.51.13.838  
IBAN no. NL96RABO0385113838

Bank ING, Groningen  
Swift INGBNL2A  
Account no. 65.36.67.450  
IBAN no. NL89INGB0653667450  
Trade reg. Groningen 02309120  
VAT no. NL001221759B01

VAT nr.	12345678	Invoice date	15-01-2024
Cust. nr.	12345678	Invoice number	12345678
Date	Description	Amount	
15-01-2024	Vessel : Vaasaborg Ports : Vaasa / Barcelona Quantity : 8.407,015 MT Commodity : Forrest Products C/P Date : 28-12-2023 B/L Date : 14-01-2024 Voyage nr. : 2024.002  Forrest Products: 8.407,015 MT at 47,60 Eur. per MT Less: commission 1,25%  Payment terms : within 3 banking days after S&R B/L  Voyage CO2 emission estimate (in metric tons): 437,5  VAT 0%	400.173,91 -5.002,17	
	<b>Total amount</b>	<b>EUR</b>	<b>395.171,74</b>

Op alle door Koninklijke Wagenborg B.V. en/of gelieerde vennootschappen afgesloten contracten en verrichte diensten zijn van toepassing de Algemene Handels- en Inkoopvoorwaarden. De meest recente versie, zoals gedeponeerd ter griffie van de Rechtbank te Groningen kunt u vinden op [www.wagenborg.com/termsandconditions](http://www.wagenborg.com/termsandconditions). To all contracts closed and services rendered by Koninklijke Wagenborg B.V. and/or affiliated companies the General Trading- & Purchase Conditions are applicable. The most recent version as filed at the Court at Groningen can be found on [www.wagenborg.com/termsandconditions](http://www.wagenborg.com/termsandconditions).



#### Disclaimer regarding 'Voyage CO2 emission estimate'

Please note that the 'Voyage CO2 emission estimate' number is an estimate based on the planned voyage distance and fuel consumption. Furthermore, emissions of the vessel in port have not been taken into account. Koninklijke Wagenborg B.V. is not liable for the (in)accuracy of this number and therefore can not be held responsible for any damage occurring from the use of or the inability to use this number.

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# Impact of EU ETS on a **Contract of affreightment**

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You want certainty. Not only in terms of available tonnage, but also in the costs of shipping your cargo. That is why you have concluded a contract of affreightment with Wagenborg. We aim to be fully transparent about the costs of EU ETS and the emissions.

## **HOW WAGENBORG HANDLES INVOICING FOR COA SHIPMENTS**

Based on the details of the shipment, you will receive an invoice after loading your cargo, just like you are used to. On this invoice we show the freight rate and the bunker adjustment factor (BAF). In addition, we will invoice an estimated amount of CO<sub>2</sub> costs based on the price of the allowance on the date of the Bill of Lading. Until Wagenborg has been able to open an account with the EAN (Emissions Authorities Nederland) your allowances will be invoiced in Euro's at the EUA day rate of the invoice. We expect payments in EUAs will become possible during next year. The time of invoicing does not change. Part cargoes that are added spot to a contract load are calculated according to the method on page 4.

## **HOW EU ETS IS IMPLEMENTED IN THE INVOICE**

We will calculate the costs of the required allowances for your voyage separately. For this, we use the average fuel consumption of the emissions of the nominated ship series in the past calendar year.

## **WHAT WILL YOU NOTICE ABOUT THE EU ETS?**

In short: a new cost element will be added to the invoice. The method of invoicing will not change compared to the current system. In addition, a customer-specific voyage overview will be sent after the voyage with the details. These details include information such as CO<sub>2</sub> emissions, port calls (EU or non-EU) and fuel consumption per fuel type. This report can be used for your GHG Scope 3 reporting. Please see Appendix A (page 10) for an example.



The timing of invoicing will not change compared to the current system. Only **emission costs will be added.**



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Trade reg. Groningen 02309120  
VAT no. NL001221759801

VAT nr.	12345678	Invoice date	15-01-2024
Cust. nr.	4004488	Invoice number	12345678
Date	Description	Amount	
15-01-2024	Vessel : Vaasaborg Ports : Vaasa / Barcelona Quantity : 8.407,015 MT Commodity : Forrest Products C/P Date : 28-12-2023 B/L Date : 14-01-2024 Voyage nr. : 2024.002  Forrest Products: 8.407,015 MT at 43,90 Eur. per MT Less: commission 1,25% Bunker compensaton as per COA.  Voyage CO2 emission estimate (in metric tons): 437,5 @ Eur. 80,- per ton -5% ice class reduction x 40% for 2024  Payment terms: within 3 banking days after S&R B/L  VAT 0%	369.067,96 -4.613,35 7.314,10  13.300,00	
	<b>Total amount</b>	<b>EUR</b>	<b>385.068,71</b>

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# Impact of EU ETS on **Time Charters**

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You have taken a ship from Wagenborg in time charter. This gives you the freedom to optimally deploy and manage our ship to suit your business. With the arrival of the EU ETS, we as ship owner have additional obligations together with you as time charterer during the time charter period.

## **HOW WAGENBORG HANDLES INVOICING FOR TIME CHARTERS**

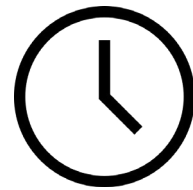
Your time charter contract contains our mutual obligations. Based on this, you will receive a hire invoice, just like you are used to. In addition, you will receive a second invoice in the first week of each month covering the applicable CO<sub>2</sub> emissions costs/allowances. Until Wagenborg has been able to open an account with the EAN (Emissions Authorities Nederland) your allowances will be invoiced in Euro's at the EUA day rate of the invoice. We expect payments in EUAs will become possible during next year.

## **HOW EU ETS IS IMPLEMENTED IN THE INVOICE**

We will calculate the required CO<sub>2</sub> costs/allowances based on the actual fuel consumption in the previous month. In case your time charter period comes to an end, we will additionally charge the estimated emission allowances for the last period with the final emission allowances invoice in advance. After the time charter has come to an end, we of course make a final settlement for the emission allowances over the whole period.

## **WHAT WILL YOU NOTICE ABOUT THE EU ETS?**

A monthly invoice will be introduced to charge you for the emission costs/allowances. This second invoice will come together with a specification that contains information such as total fuel used, CO<sub>2</sub> emissions, port calls (EU or non-EU) and fuel consumption per fuel type. This report can be used for your GHG Scope 3 reporting. Please see Appendix A (page 10) for an example.



You are in charge of  
**planning, speed  
and therefore fuel  
consumption.**





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IBAN no. NL89INGB0653667450  
Trade reg. Groningen 02309120  
VAT no. NL001221759B01

VAT nr.	12345678	Invoice date	5-2-2024
Cust. nr.	4004488	Invoice number	12345678
Date	Description	Amount	
	Vessel : Vaasaborg Timecharter period : 01 January - 31 January 2024		
<b>EU ETS SETTLEMENT</b>			
<b>Consumption on voyages within the EU according to vessels data</b>			
MGO 1-31 January 2024 80,7 mtons * 3,206 = 258,724 * 95% = 245,787 allowances			
VLFSO 1-31 January 2024 50,1 mtons * 3,151 = 157,865 * 95% = 149,971 allowances			
<b>Consumption on voyages from or to the EU according to vessels data</b>			
MGO 1-31 January 2024 68,4 mtons * 3,206 = 219,290 * 50% = 109,645 * 95% = 104,162 allowances			
VLFSO 1-31 January 2024 49,1 mtons * 3,151 = 154,714 * 50% = 77,357 * 95% = 73,489 allowances			
Total number of allowances: 573,409 @ Euro 80,00 as per today= Euro 45.872,72 *40%=			18.349,08
VAT 0%			
<b>Total amount</b>			<b>EUR 18.349,08</b>

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# Appendix A



## Consumption & Emissions Report

### Voyage:

<b>Vessel and cargo data</b>	
1. Vessel IMO number	
2. Vessel name	
3. Vessel size (DWT)	
4. Total cargo quantity loaded	
5. Total cargo quantity loaded (DWT)	
6. Bill of Lading Date	
7. Cargo Description	

<b>Ballast Leg ; From COSP (commencement of sea passage) last discharge port to EOSP(end of sea passage) loading port.</b>	
8. Start date and time	
9. Last discharging port name (previous voyage)	
10. Fuel Consumed	
a. VLSFO	
b. MDO/ MGO	
11. CO2 Emitted	
12. Distance covered	
13. End data and time (alongside load berth)	

<b>Laden leg ; From EOSP (end of sea passage) loading port to COSP (commencement of sea passage) last discharge port.</b>	
14. Start date and time (departure load berth)	
15. Last discharging port name (present voyage)	
16. Fuel consumed	
a. VLSFO	
b. MDO/ MGO	
17. CO2 Emitted	
18. Distance covered	
19. End date and time	

<b>Voyage Totals</b>	
20. Total Fuel Consumed on Voyage	
21. Total CO2 Emitted on Voyage.	

<b>Contact:</b>
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# Appendix B



BUREAU  
VERITAS

Bureau Veritas Certification France  
Le Triangle de l'Arche  
9, cours du Triangle, 92937 PARIS LA DEFENSE,  
France

## DOCUMENT OF COMPLIANCE

This is to certify that the ship VAASABORG emissions report covering the reporting period 2022 has been considered as satisfactory regarding the requirements of Regulation (EU) 2015/757

This document of compliance has been issued on 20/04/2023

This document of compliance is linked to emissions report ER 2022 version 2 and is valid until 30/06/2024

This document shall be kept on board the vessel from 30 June 2023

Issue date	20/04/2023	Reporting period	2022
Expiry date	30/06/2024	Emission Report	Version 2, generated on 20/04/2023
Issued by	Arie Slot	Verification Report	Version 1, generated on 20/04/2023

### SHIP PARTICULARS

IMO	9196242	Name	VAASABORG
Ship type	General cargo ship	Flag	Netherlands
Gross tonnage	6130	Port of registry/Home port	Delfzijl/Delfzijl

### COMPANY (SHIPOWNER)

Name	Wagenborg Shipping BV	Principal place of business	Netherlands
Address	Marktstraat 10 9934 CK	City, Country	Delfzijl, Netherlands

### VERIFIER

Name	Bureau Veritas Certification France	Principal place of business	France
Address	Le Triangle de l'Arche 9, cours du Triangle	City, Country	92937 PARIS LA DEFENSE, France
Accreditation number	4-0076	National accreditation body	COFRAC

Signed

Name

Date

Arie Slot

20/04/2023



## SUSTAINABILITY TEAM

sustainability@wagenborg.com



**Gerrit Feenstra**  
Deputy Manager Accounting



**Guus van der Linde**  
Manager Corporate Communications



**Wesley Hulst**  
Bunker Procurement



**Wieger Duursema**  
Fleet Development Manager

Founded in 1898, Royal Wagenborg is an international maritime logistics conglomerate. The family-owned and managed company offers a variety of sustainable maritime logistics services with regard to shipping, ports & terminals and offshore services. Managed out of the Delfzijl (NL) headquarters, Wagenborg has built a global commercial network. With about 2,900 employees Wagenborg serves clients predominantly in the Baltic, northwest Europe, the Mediterranean, the Americas and the Far East.



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