



Regulatory Update 2022

2021 was a challenging year for all of us. The COVID-19 pandemic is still present which led to changing perspectives and improvisations. This health risk often appears in phases and at different speeds, with diverging paths and impact across regions and markets. Shipping has proved its worth, also in turbulent times. It is and will remain a vital sector in transporting goods and commodities. Let us look forward to a new year.

With this circular, MS Amlin would like to inform you about some new and amended regulations, which will come into force in 2022. We have summarised these below.

Should you have any specific questions regarding the amendments, kindly direct these to our Loss Prevention Services: LPS@msamlin.com.

Index

Amendments to MARPOL Annex VI on sulphur content definition and sampling	2
The IMO Efficiency Regulation: EEXI and CII	3
IMDG Code 40-20	4
Amendments to the Ballast Water Management Convention	5

Amendments to MARPOL Annex VI on sulphur content definition and sampling

Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL) is the regulation for the prevention of air pollution from ships. Annex VI limits the main air pollutants contained in ships' exhaust gas, including sulphur oxides (SOx) and nitrous oxides (NOx), and prohibits deliberate emissions of ozone depleting substances.

What will change?

The amendments to Regulation 2 (*Definitions*) introduce new definitions for the terms "Sulphur content of fuel oil", "Low-flashpoint fuel", "MARPOL delivered sample", "In-use sample", and "On-board sample".

Furthermore, there are amendments to Regulation 14 (Sulphur oxides (SOx) and particulate matter), which introduce two new fuel oil samples that are used to confirm compliance with the latest sulphur requirements under Annex VI and with the ban for fuel oil that has a sulphur content exceeding 0.50% mass by mass (m/m). These new oil samples are the "in-use" sample and the "on-board" sample. The former is drawn from the fuel oil system and represents the fuel used at the time of sampling, whereas the latter is drawn from the fuel oil storage tanks and represents fuel that is intended to be used. These amendments will apply to new vessels, which have their keel laid on or after 1 April 2022, whereas existing vessels may postpone compliance with the new fuel oil sampling and verification requirements until their first International Air Pollution Prevention (IAPP) renewal survey on or after 1 April 2023.

As a result, there are consequential amendments to the verification procedures in Appendix VI (Fuel verification procedure for MARPOL Annex VI fuel oil samples), allowing for a verification procedure for the new "in-use" and "on-board" samples.

Finally, there are also revisions in Appendix I (Form of IAPP Certificate), which relate to the sampling points.

When?

These amendments will enter into force on 1 April 2022.

For more information, please visit <u>IMO MARPOL Annex VI</u>, <u>IMO Resolution MEPC.324 (75)</u> and <u>MEPC.1/Circ.889</u> (2020 guidelines for on board sampling of fuel oil intended to be used or carried for use on board a ship).

The IMO Efficiency Regulation: EEXI and CII

Through its Marine Environment Protection Committee (MEPC), the International Maritime Organisation (IMO) has established new targets to reduce CO2 emissions for international shipping: a 40% decrease by 2030 and a 70% decrease by 2050 compared to 2008 levels. Two recently approved measures by the IMO to reduce carbon intensity are known as EEXI and CII. These new energy efficiency standards are part of the global measures to reduce greenhouse gas emissions from shipping.

What will change?

EEXI

The EEXI is the Energy Efficiency Existing Ship Index. Its value shows how much CO2 (expressed in grams) is released in order to carry one ton of cargo for one nautical mile. The EEXI regulations target existing vessels of 400 GT and above engaged in international voyages and falling under MARPOL Annex VI. For such vessels, the regulations will require the same level of fuel efficiency as those that are applicable for a new vessel. All vessels need to calculate their EEXI, and this energy efficiency standard will be applied retroactively through a one-time certification.

Ahead of the implementation of the EEXI in January 2023, BIMCO has drafted an EEXI Transition Clause which can be used in existing and future time charter parties.

CII

Another measure from the IMO to reduce the CO2 emissions from vessels is the Carbon Intensity Indicator (CII). The CII regulates the operational or real-life CO2 emissions from vessels. It is based on the actual fuel consumption that needs to be reported annually with effect from the year of 2023. The CII applies to all cargo vessels, ro-pax vessels and cruise vessels of 5,000 GT and above. The operators must also craft a plan to cut the carbon intensity in order to reach the annual vessel-specific targets.

When?

The amendments to MARPOL Annex VI that make the regulation of EEXI and CII mandatory were adopted at 76th session of the Marine Environment Protection Committee (IMO MEPC 76) held in June 2021.

These MARPOL amendments will enter into force on 1 November 2022. The existing vessels are required to comply with the EEXI requirement by the first periodical survey on or after 1 January 2023. This requires that each vessel needs to calculate and report their EEXI each year as of 2023. Shipowners and operators have until 1 January 2023 to investigate the options to reduce fuel consumption by their ships' engines.

For more information, please visit:

- IMO develops measures to implement greenhouse gas strategy
- BIMCO EEXI Transition Clause for Time Charter Parties

IMDG Code 40-20

The International Maritime Dangerous Goods Code (IMDG Code) is accepted as an international guideline to the safe transportation or shipment of dangerous goods or hazardous materials by sea. It is published by the IMO and its key objectives are to protect human life, prevent marine pollution and facilitate the free movement of dangerous goods. The IMDG Code contains details of all the numerous dangerous cargoes offered for carriage by sea and includes solid, liquid and gaseous substances. For the purpose of transport, dangerous goods are allocated to one of nine classes.



What has changed?

Some points of attention related to the amendments to the IMDG Code (Amendment 40-20) include:

- Segregation requirements for alcoholates;
- Segregation in relation to liquid organic substances;
- Classification and transport of carbon, following incidents involving the spontaneous ignition of charcoal;
- Classification of UN portable tanks for multimodal transport;
- Provisions for labels.

When?

The IMDG Code is updated every two years. The IMDG Code, 2020 Edition (inc. Amendment 40-20) will come into force on 1 June 2022, when it will become mandatory. Meanwhile, it may be applied voluntarily as it is used as an optional basis as from 1 January 2021. Until this latest edition becomes mandatory, the current IMDG Code, 2018 Edition (inc. Amendment 39-18) remains applicable. The 2018 Edition came into force on 1 January 2020, and its validity has been extended until 31 May 2022.

For more information, please consult the IMDG Code and its latest amendments.

Amendments to the Ballast Water Management Convention

The Ballast Water Management Convention (BWM Convention) is a treaty adopted by the IMO in order to help prevent the spread of potentially harmful aquatic organisms and pathogens found in the vessel's ballast water.

What has changed?

The amendments to the BWM Convention were adopted at the 75th session of the MEPC and concern commissioning testing of ballast water management systems and the form of the International BWM Certificate. Furthermore, the MEPC approved revised 2020 Guidance for the commissioning testing of ballast water management systems (BWM.2/Circ.70/Rev.1), and revised Guidance on ballast water sampling and analysis for trial use in accordance with the BWM Convention and Guidelines (G2) (BWM.2/Circ.42/Rev.2).

When?

The amendments are expected to enter into force on 1 June 2022.

For more information, please visit: <u>Implementing the BWM Convention</u>, Guidelines and Guidance Documents related to the BWM Convention.

This circular is meant for guidance purposes only. Should you require more information or assistance, please feel free to contact our Loss Prevention Services: LPS@msamlin.com



Antwerp, Hamburg, London, Paris, Rotterdam and Singapore



© January 2022. The information contained herein is intended to be for informational purposes only and is correct at the time of printing. This brochure is not, and is not intended to be construed as, an offering of MS Amlin securities in the United States or in any other jurisdictions where such offers may be unlawful. The services and products mentioned in this brochure may not be available in the United States or in jurisdictions where Lloyd's does not have a trading license. Potential insureds should consult with an appropriately licensed broker in their area for further information. MS Amlin Underwriting Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference number 204918. Registered office The Leadenhall Building, 122 Leadenhall Striet, London EC3V 4AG. Registered in England Company No. 02323018. MS Amlin Marine N.V. is registered in Belgium no. 0670.726.393. Registered address: office is Koning Albert II-laan 37, 1030, Brussels, Belgium. MS Amlin (MENA) Limited by the Dubai Financial Services Authority (DFSA). MS Amlin (MENA) Limited with the scope of its existing DFSA licence. MS Amlin (MENA) Limited's principal place of business in the DIFC is MS Amlin (MENA) Limited, Level 3, Precinct Building 2, Dubai International Financial Centre, Dubai, United Arab Emirates. P.O. Box 506929. This document is intended for Professional clients only as defined by the DFSA and no other person should act upon it. MS Amlin Asia Pacific Pte Limited is approved by the Monetary Authority of Singapore to underwrite on behalf of the members of Syndicate 2001 at Lloyd's. Registered in Singapore No. 200711910C Registered office 138 Market Street #03-01 CapitaGreen Singapore 048946.