

May 3, 2016

Global Advisory

SAFETY OF LIFE AT SEA (SOLAS) - VERIFIED GROSS MASS (VGM) APPLICABLE FOR LCL CARGO

We are sure you are already very familiar with the changes in SOLAS (Safety of Life At Sea) regulations effective July 1st 2016. In short, the new regulation requires the provision of the verified gross mass (VGM) - i.e., weight - of all export containers.

In preparation for the changes in these regulations, this announcement serves as an overview of Shipco's/WorldWide Alliance's (WWA) general, global procedures for handling same. **As we move closer to the date of implementation, there may be specific local requirements (either on a country level or an origin CFS level). These will be communicated separately.**

Firstly, it is important to be clear on the fact that the verified gross mass (VGM) as outlined by regulations pertains to the weight of the container (including the shipments contained therein as well as all stowing material). Responsibility for the submission of the VGM lies with the shipper. In the FAK/LCL environment, given that Shipco/WWA is the shipper of record on the Master Bill of Lading, that responsibility lies with us.

This means that Shipco/WWA will submit the VGM - in the required format and within the defined deadlines as provided by every carrier/terminal.

We will assume that the weight of any given LCL shipment, as submitted to us by you, on behalf of your customer, is true and accurate. Given, again, that Shipco/WWA is submitting the final container VGM, we are very much reliant on this precise information. We will not be asking for a specific document to be submitted to us certifying the weight of a specific shipment. We will accept weight information via the same method we do today - i.e., as part of the regular documentation flow accompanying the shipment.

You have most likely already had extensive communication with your customers/shipping department on this subject, but we urge you to ensure that they are aware of the need to inform you of precise and accurate weight details for their cargo. We recommend that manufacturers and trading companies already conduct internal controls to establish that the known weight of their products is in fact accurate. It is important to remember and ensure that the weight includes all packing materials - including pallets, if applicable. The responsibility of providing an accurate and precise weight of the cargo falls on your customer and therefore, in turn, on you.

For the sake of due diligence, we will be performing spot checks on individual shipments upon receipt at our CFS's. Similarly, we will be doing checks on full containers, once loaded.

There is no doubt that SOLAS will add cost to the logistics process. We will be monitoring same closely moving forward and will be announcing a "SOLAS" or FOB surcharge prior to full implementation on July 1st, 2016.

Shipco/WWA takes safety and compliance with all relevant regulations very seriously and we rely on you to assist us in this process. Further information on this subject in general as well as more country- and carrier-specific details will follow in due course.