

USA ADVISORY

Safety Of Life At Sea (SOLAS)

USA Distribution - May 9, 2016

Dear USA Valued Customers,

The International Maritime Organization (IMO) has adopted amendments to the Safety of Life at Sea (SOLAS) Convention.

As of July 1, 2016, all loaded containers are required to have a Verified Gross Mass (VGM) declared by Shippers to the respective ocean Carriers with whom the containers are booked.

What is Verified Gross Mass (VGM)?

The VGM consists of the total gross cargo weight, dunnage and container tare weight and applies to packed containers tendered to the ocean Carrier.

The SOLAS amendment provides two methods for the Shipper to calculate the VGM:

Method 1: Obtain VGM by weighing the packed container and subtracting the road vehicle where applicable (chassis/trailer/cab).

Method 2: Obtain VGM by weighing the individual shipments and adding dunnage and the container tare weight.

For our **LCL product** Vanguard is the Shipper to the ocean Carrier. We are directly responsible for obtaining and transmitting the VGM of the consolidated container in a timely manner to ensure the container is loaded onto the vessel. SOLAS does not specify applicability to LCL cargo, only to the packed container which is made up of the aggregated volumes.

As Vanguard builds consolidated containers globally, we use a variety of Vanguard operated as well as 3rd party warehouses. Therefore, we will be using a combination of both method #1 and #2 in order to obtain and provide the VGM of the consolidated container to the ocean Carrier.

Pricing for U.S. LCL Export Consolidation will be as follows:

US\$5.00 w/m (minimum 1 cbm) VGM Weight Verification fee

US\$10.00 flat per Bill of Lading VGM Administration fee

For our **FCL product**, as Vanguard does not control the loading of the container, we rely on our customers to provide us the VGM. This needs to take place prior to the VGM cutoff at the terminal. *Minimum requirements are:*

- Vanguard Booking Number
- Container Number
- VGM
- Unit of measurement
- Date
- Name of person authorized by the Shipper

We will be providing a portal as part of our global website for the submission of this data to enable our customers' transmission of the VGM information in a timely manner.

Vanguard may arrange to have the FCL container weighed and obtain the VGM on the customer's behalf, provided the request is made at the time of booking. Vanguard will then submit the VGM to the ocean Carrier.

Pricing for U.S. FCL Export VGM services:

US\$25.00 VGM Administration Fee per Container if VGM provided by Customer

US\$50.00 VGM Administration Fee per Container if VGM arranged by Vanguard

(excluding weigh ticket, driver waiting time, additional drayage(s), re-delivery, repositioning and any and all other applicable out-of-pocket expenses)

For both **LCL and FCL products**: At the time of this notification, changes and updates are ongoing globally in regards to VGM related fees by ocean Carriers and/or terminals. The above pricing is based on our best industry intelligence to date. If changes do occur, the above export-related pricing above may be altered. We reserve the right to modify our position at any time.

There is no single standard implementation process around the world for ensuring the VGM is enforced. The above is an outline of how Vanguard Logistics Services intends to address the VGM requirements. We have teams around the world who are working with ocean carriers and their terminals to come up with solutions and pricing that best fit local processes.

Vanguard continues ongoing discussions with regulatory authorities and stakeholders around the globe to ensure systems and procedures are in place before the effective date.

We will continue to keep you informed through further updates.

VANGUARD