

Milano, 22nd June 2016

SOLAS

Verified Gross Weight


ASTER
LOGISTICS & FORWARDING
W O R L D W I D E



New SOLAS amendments basic principles

In November 2014, the International Maritime Organization (IMO) **adopted mandatory amendments to the International Convention for the Safety of Life at Sea (SOLAS) Chapter VI, Part A, Regulation 2 - Cargo information**

The **SOLAS convention is applicable global law.**

The SOLAS amendments become **effective on 1 July 2016** for **packed containers received for transportation** (gate-in or off-rail).

Main reason for the change is that there is currently no rule or process to ensure that the weight being provided for loading is accurate, leading to huge risks to workforce, vessels, terminals and equipment.



SOLAS Implications

- Immediate consequences for the shipper are that as of 1st July 2016;

The Verified Gross Mass (VGM) of every shipment needs to be provided to the carrier, before the VGM cut-off date.

- Furthermore, it will be the shipper's responsibility to ensure that the accurate weight, and not an 'estimated' weight, is being provided.

If no Verified Gross Mass weight has been provided, the carrier will not accept to load the container on the vessel. It may also be refused at the terminal gate if VGM is missing or inaccurate.

Two permissible methods for weighing:

– **Method 1:** Weigh the packed container.

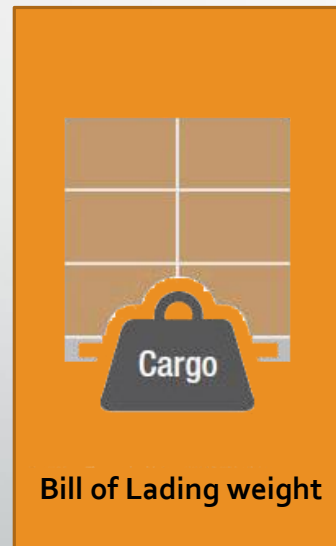
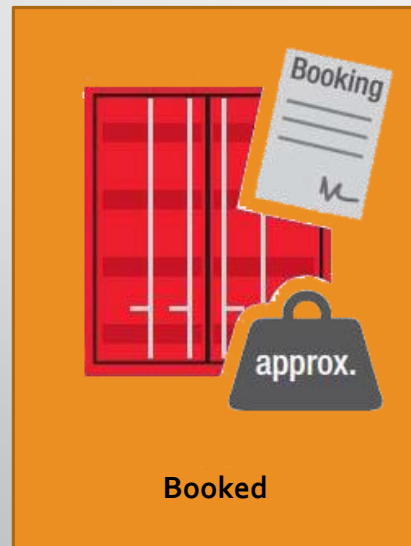
– **Method 2:** Weigh each individual cargo, the mass of every dunnage, lashing, packing, securing materials used and finally add even the tare mass of the container.

Important: shippers remain responsible to determinate, certify and transmit the VGM to the carrier and to any other party pertains in the chain control.



Booked Weight, Bill of Lading Weight and the VGM

- **Booked** weight is the estimated weight at the time of booking
- **Bill of Lading weight** is the correct weight of the cargo (excluding dunnage and other packing and securing materials and the tare weight of the container)
- **Verified Gross Mass (VGM)** is the weight including the cargo + dunnage and other packing and securing materials + tare weight from the container)



ASTER Update

Presently more and more information is being released by national authorities on how they plan to implement **SOLAS**.

Carriers and other parties are beginning to align their activities. It will require a lot of cooperation to support the transition from a legal framework to an operational one which will also have a commercial impact. Currently there is no uniform worldwide procedure agreed, for this reason implementation will be done country by country and as per country regulations.

As expected national variations are emerging, especially related to tolerances and penalties for noncompliance.

Carriers have also started to release how and when they want to receive **Verified Gross Mass (VGM)**. It is clear that while many parties are addressing the subject, many decisions still need to be made in order to meet the July 1, 2016 deadline.

At **ASTER** we are ready to preparing our operations to comply with the new regulations.



When is the starting day?

1st of July 2016

- Official starting day, even if national government has not provided guidelines
- Carrier will abide by the new SOLAS regulations



Continue shipment

- Containers already boarded on a vessel prior to 1st of July



VGM required?

- Container at Container yard (but not yet loaded)
- Containers in transshipment (to mother or feeder vessel)
- Containers connecting to a vessel after the inland move



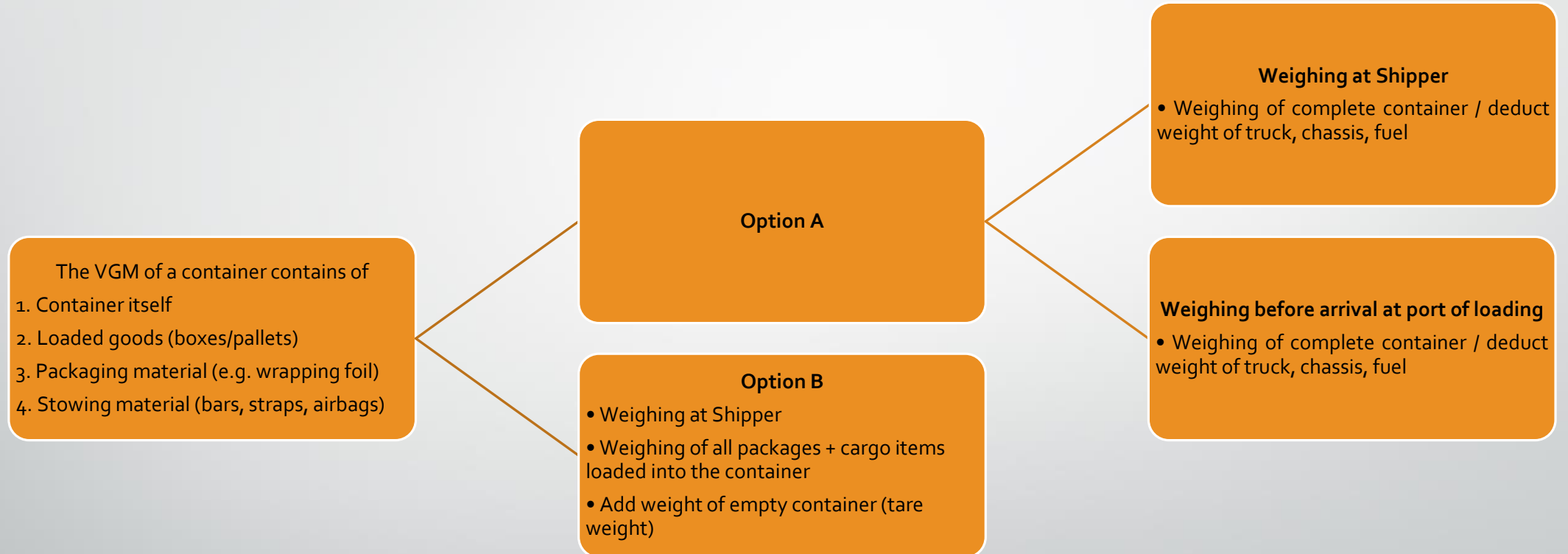
Preliminary operational guidelines - Ocean Direct (FCL)

Key process steps

1. Define container VGM via a weighing process
2. Signing of VGM document by shipper or person authorized by shipper - SHIPPING DOCUMENT-
3. Shipper to provide VGM document to ASTER -SHIPPING DOCUMENT-
4. ASTER to provide VGM document to carrier and other requesting parties



Process summary - Options for weighing



Preliminary operational guidelines – Ocean Connect (LCL)

The SOLAS amendment calls several times for the commercial parties to come to practical agreements for implementing the requirements. Commercial agreements between forwarders and shippers may therefore state that the forwarder may transmit the VGM to the carrier on the shipper's behalf.

This situation is more complicated when dealing with consolidations. Aster as fully AEO certified is going to adopt Method 2 whenever possible so that to minimize extra costs and delay.

In the case of LCL cargo in a consolidation environment the consolidator could consider implementing a LCL document certifying the VGM of each single cargo consignment. Similar as for FCL, the consolidator is then able to use the actual shipper VGM declarations to prepare and compare this info with its own verified weight declaration towards the shipping line.



Preliminary LCL Operational Guidance for Customers

ASTER recommends the following preliminary operational guidelines until more information becomes available.

- 1.** ASTER, as fully AEO certified, has decided to physically weighing each individual LCL shipment and will therefore proceed to weigh each individual LCL shipment taken in charge. The sum of each individual LCL shipment along with the dunnage/lashing/packing material used and the container tare will be considered as VGM and transmitted to the carrier.
- 2.** For those Shippers which will be able to provide VGM document (Shipping Document) even for LCL, ASTER must receive the same at least 36 hours before container loading so that to compare the sum of all individual weights/shipment with the total actual VGM of the consolidation container. The carrier or NVOCC is not a 'verifier' of the VGM provided by the shipper
- 3.** ASTER will advance the CFS Cut-off dates with 1 or 2 days so that to comply with all the VGM procedure and transmission requirements.
- 4.** In case the VGM exceeds the maximum payload of the container, all relevant reloading and weighing costs of the individual shipments and transport costs will be charged to the party or parties who have miss-declared the weight (based on declared VGM received from the customer/shipper before loading of the container). A clause will be mentioned in our booking conditions.
- 5.** ASTER will add an admin fee to the tariff to cover the extra workload and charges for weighing and transmitting the datas.



How can you send us VGM information?

- VGM reporting is the sole responsibility of the shipper who may use a third party to perform this function. The local VGM cut-off may vary by location.

Preferred Methods of reporting

- An eVGM for which VERMAS was developed (**VER**ified **MAS**s is a new EDI-message specifically created for Solas VGM)
- Existing EDI connections (electronic shipping instructions)
- Via email – Template SHIPPING DOCUMENT
- Various portals such as INTTRA, GT NEXUS, Cargosmart, etc.

Mandatory information to be submitted:

- Booking number
- Container Number
- Verified gross weight (VGM)
- Unit of Measurement (UOM)
- Responsible party full style
- Authorised person (in capital letters)

Optional VERMAS-supported information:

- Weighing date (strongly recommended)
- Shipper's internal reference
- Weighing method
- Ordering party
- Weighing facility
- Documentation holding party



Carriers & Terminals

Carriers

- Cut-Off times – No carrier has announced if there will be a change in cut-off times, as this is a commercial decision between carriers and terminals

Carriers need the VGM (weight), not the VGM document!

Terminals

- Every terminal decides on their own VGM strategy and it's a local (commercial) decision
- Gate-in of containers with/without VGM

Some terminals will keep containers without a VGM in a separate stack pending the VGM, but also here it will depend on availability of space.

In case of doubt, Terminals can be asked to re-weigh the container!

