

a. hartrodt - SOLAS Amendment FAQ

The SOLAS Verified Gross Mass (VGM) effective from 1st July 2016

Who is the authority in Germany that oversees and enforces the SOLAS Amendment? In Germany it is the BG Verkehr who will oversee the enforcement of SOLAS. www.deutsche-flagge.de

When is the enforcement date?

On 1st July 2016 the SOLAS amendment will become law and it will be illegal for shipping lines to ship a container without a valid VGM (Verified Gross Mass).

What is the Verified Gross Mass?

The Verified Gross Mass (VGM) refers to the verified weight of the packed container, including:

- The weight of all packages and cargo items
- The weight of the lashing material (dunnage)
- The empty weight of the Container itself (tare weight)

What is the SOLAS?

SOLAS is the International Convention for the Safety of Life at Sea (SOLAS). It is a maritime safety treaty to ensure that ships flagged by signatory States comply with minimum safety standards in construction, equipment and operation.

What is the IMO?

IMO is the International Maritime Agency. A United Nations specialist agency that maintains a comprehensive regulatory framework for shipping www.imo.org. Among others, SOLAS falls under the IMO.

Who are members of the IMO

Germany is a member of the IMO and thus signatory to the SOLAS Amendment. For a full list of all 171 member countries, please refer to www.imo.org/en/About/Membership/Pages/MemberStates.aspx

Who is the ICS – International Chamber of Shipping?

The International Chamber of Shipping is the principal international trade association for merchant ship-owners and operators. www.ics-shipping.org

Who is the WSC (World Shipping Council)?

The World Shipping Council is a body representing approximately 90 percent of the global liner ship capacity. www.worldshipping.org/

What led to the amendment and why was it necessary?

The main catalyst for the changes to SOLAS was a severe storm in January 2007 centred on the sea between England and France. The MSC Napoli was abandoned in gale force winds and huge waves. There was serious damage caused to the hull and the engine room was flooded. The crew were rescued by helicopter and the ship was eventually beached off the coast of England.



Whilst there had been other maritime accidents where overweight or underweight containers had been identified as a problem, the subsequent report by the British Marine Accident Investigation Branch identified discrepancies between the declared and actual weight of the 660 deck-stowed containers on the MSC Napoli, as being a contributory factor to the catastrophe.

Following the MSC Napoli report, representations were made to the IMO by the WSC and the ICS to introduce weighing of containers before loading. The relevant subcommittee of the IMO meets every six months and although initial proposals were not adopted, an amendment was passed by the IMO to SOLAS in 2014 to become law in 2016.

What is the main objective of the amendment?

The main objectives of the amendment to SOLAS are to improve the safety of the workforce, vessels and associated equipment, reduce the loss of containers from vessels and provide assurance to other parties in the supply chain.

What is the geographical coverage of the amendment?

The regulation is globally binding for all signatories of the SOLAS convention (in total 171 countries), including Germany.

What does the SOLAS amendment refer to?

The requirement to verify the gross mass of packed containers applies to all containers subject to the CSC (Convention for Safe Containers) applies. This includes standard sea freight containers, tank containers, flat racks and bulk containers.

Does it also refer to LCL cargo shipped in a global a. hartrodt consolidation service?

No, the SOLAS Amendment refers to the packed container and you as a LCL Shipper are not involved in loading the container. However, there are serious implications related to cargo shipped as LCL in our global consolidation services that we make reference to at the end of this document. Please refer to the separate paragraphs named "Focus on LCL cargo in our global LCL consolidation services".

Are the regulations and policies globally the same?

Whilst the SOLAS amendment is globally valid, each national authority is responsible for their own implementation guidelines. This has led to different policies, among others related to:

- Certification procedures for method 2
- Variances of the VGM
- Calibration rules of weighing equipment

Are there fines applicable?

No announcements have yet been made by the German authorities.

What are the main legislative changes?

The new regulations prescribe <u>two methods</u> by which the shipper can obtain the verified mass of a packed container:

<u>Method 1</u>: After packing and sealing a container, the shipper may weigh or arrange a third party to weigh the packed container.

<u>Method 2</u>: The shipper or a third party (as arranged by the shipper) may weigh all packages and cargo items, including the mass of pallets, dunnage, and other packing materials securing the cargo to be packed in the container, and add the tare mass of the container to the sum of the single masses of the container's contents.



How do I know the tare weight of a container?

The tare weight (weight of the empty container) is clearly mentioned on the door of the container. We understand that shipping lines will also provide a database with the tare weight of their containers.

What is considered to be Certified Weighing Equipment?

The weighing equipment used must meet the applicable accuracy standards and requirements of the state in which the equipment is being used. In Germany scales with the accuracy class IV in accordance with EU regulation 2014/31/EU may be used for weighing containers as per method 1.

For method 2, scales with the accuracy class III as per EU regulation 2014/31/EU may be used for weighing containers in Germany.

How do I approach the documentation of the weighing process for method 2?

For calculation of the gross mass of the loaded container following method 2, you may wish to follow the following steps:

Step 1 – Weight of product

The weight of the product to be shipped in the container could be obtained from the production process, by metering through calibrated filling-devices or by weighing the product or by adding the weight of all individual components.

Step 2 – Weight of packaging

The weight of the packaging could either be obtained from the manufacturer of the packaging material or based on your data, verified and captured in the MRP (Material Resource Planning)/ERP-system.

Step 3 – Weight of pallets, securing materials and dunnage

The weight of pallets, securing materials and dunnage could either be obtained from the manufacturer or based on your data, preferably verified and captured in the MRP/ERP-system.

Step 4 – Tare weight of the empty container

The tare weight (weight of the empty container) is clearly mentioned on the door of the container. We understand that shipping lines will also provide a database with the tare weight of their containers.

Step 5 – Gross weight of the loaded container

The weights obtained in steps 1 through 4 above are added to obtain the gross weight of the loaded container.

How do I communicate the verified gross mass?

You are required to verify the gross mass and to communicate the verified mass in a shipping document. The communication must highlight that the gross mass is the "verified gross mass" and must be signed by somebody duly authorised by you.



What information must the VGM document contain?

- √ VGM in kgs
- ✓ Name and signature of the authorised person
- √ Your a.hartrodt booking reference
- ✓ Date of the VGM declaration
- ✓ Container number
- √ Seal number

When do I need to provide the VGM document?

The VGM must be received in time to be used by the master and the terminal representative for the ships stowage plan.

The exact deadlines and effect on cut off dates and times may vary from shipping line to shipping line and even from port to port. We will keep you informed about exact details during the booking process.

What if the VGM is submitted late?

The shipping line will not load the container on board the vessel and all related extra charges are for your account.

Are there any tolerances in the weight acceptable?

In Germany there are no official tolerances. Tolerances are based on the accuracy standards defined for the scales used for method 1 or method 2,

The weighing equipment used must meet the applicable accuracy standards and requirements of the state in which the equipment is being used. In Germany scales with the accuracy class IV in accordance with EU regulation 2014/31/EU may be used for weighing containers as per method 1.

For method 2, scales with the accuracy class III as per EU regulation 2014/31/EU may be used for weighing containers in Germany.

It should be mentioned that a margin of error is not supposed to be an invitation for the VGM not to be accurate or for proper and accurate procedures verifying the gross mass not to be followed. <u>Accuracy is expected.</u>

Is the VGM weight also the weight in the Bill of Lading?

Absolutely not! It is important to note that both weights have a different meaning and different use. In the Bill of Lading we will continue to follow the gross weight of the cargo (only), as per your instructions and usually as per your commercial documents.

Will containers without a VGM be accepted at the terminals?

Globally, the situation is not clear and different container terminals appear to be taking varied approaches. Some terminals have announced that they may consider investing in weighing equipment and providing weighing services. Other terminals announced that they will refuse any container that is delivered without a valid VGM and that they will not offer weighing services.

But we are pleased to announce that all German terminals have so far stated that they will accept containers with or without a valid VGM.



However, a container without a valid VGM will not be loaded on board the ship and will require additional handling such as segregation, storage and weighing. We expect the weighing of the container at the terminal to be an expensive option.

How is the SOLAS amendment related to the Incoterms? What if I sell ex works?

The SOLAS amendment is very clear in that it is the Shipper who is responsible for providing the VGM. The Shipper is defined in paragraph 2.1.12 of the IMO Guidelines as follows:

2.1.12 *Shipper* means a legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document (e.g. "through" bill of lading) as shipper and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company.

As such, the container weighing requirement as per SOLAS is always the responsibility of the shipper, even in the case of Ex Works.

What does all this mean for me as the shipper?

Above all, as a shipper, you are expected to declare the weight accurately.

You will need to identify your weighing option, following either method 1 or method 2. In the case of method 1, we are ready to offer you a weighing service on request.

LCL Cargo: Is the SOLAS Amendment also relevant for a. hartrodt LCL services?

The SOLAS Amendment does not apply to shipments shipped with our a. hartrodt global LCL consolidation services. However, we are loading your LCL cargo into our groupage container for which the SOLAS Amendment does apply.

LCL Cargo: Do we need to provide an accurate weight for a. hartrodt LCL services?

We are relying on the LCL weight as declared by you for the calculation of the Verified Gross Mass of the container. Therefore it is extremely important that you also provide the correct weight for your LCL shipments. We strongly suggest that you review your procedures for establishing the weight of your LCL cargo to ensure accuracy.

LCL Cargo: Do we also need to declare a VGM for a. hartrodt LCL services?

We will continue with our current procedures and accept your declared weight as part of the regular documentation related to the shipment. We still need to administer the documentation and also weigh the final consolidation container, which will incur costs. These will be charged as part of the "SOLAS Handling Fee" for LCL shipments. The exact amounts will be communicated shortly.

LCL Cargo: Could there be extra charges for non accuracy of LCL weight?

The exposure to extra charges for wrongly declared weights is much higher for LCL shipments as compared to FCL shipments. Therefore, we must remind you that inaccurate provision of the weight for LCL cargo may lead to substantial extra costs and delays related to all the shipments loaded in the container. Should a wrong declaration of the weight be established, the resultant costs will be for your account.

a. hartrodt local and global support and consulting services!

We are well prepared to assist you in meeting the new global safety standards and are confident that this FAQ covers all possible practical questions. Our global management has been actively involved in meetings with the various stakeholders and government agencies and we are



pleased to share this information with you. We will be available to you personally for further support and questions. Please do not hesitate to contact our customer service team in case you require any further information.

As a global Forwarder involved in responsible and sustainable shipping, compliance is of utmost importance to us. We are totally committed to the implementation and maintenance of fully compliant procedures and rely on you to assist us in this process.

Your a. hartrodt Germany Seafreight Team