

SOLAS

Verified Gross Mass (VGM) requirement FAQ

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PURPOSE OF VGM

Why implement the VGM?

The new regulation was adopted by the IMO (International Maritime Organization) to increase maritime safety and reduce risks facing cargo, containers, and all those involved in container transport throughout the supply chain.

What are the regulatory bodies? And, how are they going to regulate/enforce this requirement? The regulatory bodies for the new VGM requirement vary across countries but are mostly anchored with coast guard or maritime administrations. Interpretation and enforcement varies by country.

Will there be a delay in the 1 July implementation? No

SUBMISSION OF VGM

How does the customer provide the VGM?

Shipper should preferably provide the VGM for their containers at the time of creating their Shipping Instructions (SI). The preferred method for submission of a VGM to Maersk Line is through one of the digital channels:

- Via our website www.maerskline.com and login through My Maersk Line portal. This solution will be available from 5 June 2016.
- Via EDI message for customers sending booking or shipping instructions via EDI solutions with Maersk Line.
- Via service portals such as GT Nexus and CargoSmart.
- Via API for customers having the VGM API message enabled with Maersk

Manual methods of submission (email and fax) are acceptable but not encouraged. The established digital channels will avoid documentation errors and delays in handover of information. When a VGM is submitted manually, the name of shipper and signature is required in addition to container number and weight.

What EDI channels can the shipper use to supply Maersk with the VGM? In addition to direct EDI, API, My Maersk Line, GT Nexus, and CargoSmart

How to submit the VGM via API?

For more information about the API channel visit developer.maersk.com

What are the mandatory fields of information required when VGM is submitted via manual methods of submission?

When using manual submission, name and signature are required in addition to container number and weight



When using mymaerskline.com is it possible to add VGM for more than one container at a time? Currently, it is not possible to add the VGM for more than one container at a time. Maersk Line is reviewing options to accommodate requirement for customers shipping large volumes.

Will shipper receive a receipt confirmation of their VGM?

If sent via our Maersk Line website any of the mentioned EDI, API and service portals, then yes, a confirmation will be sent.

At My Maersk Line, is VGM updated as a mandatory or optional field?

The VGM is an optional (but recommended) field on My.Maerskline.com

Can the shipper declare the VGM or do we need an independent agency to provide same? It is the responsibility of the shipper to declare the VGM. A shipper can authorize a third party to provide the VGM on their behalf.

What if the VGM information submitted via an e-channel (maerskline.com for example) deviates from one submitted to the terminal? Which VGM data will prevail?

The latest VGM data received before the cut-off will be considered in the load list. The terminal VGM will always overwrite the shipper VGM.

What happens if shipper sends the VGM to the terminal but sends the Shipping Instructions after the loading list is finalized?

The VGM will be updated in the system and that particular container would be part of the load list if all other criteria for loading are met.

Today, customers submit the gross cargo weight in their Shipping Instructions. In the future, will they need to submit both gross cargo weight and the VGM (including tare)?

Yes, both the gross cargo weight and the VGM must be submitted. The preferred method for submission of a VGM to Maersk Line is through one of the digital channels mentioned under "How does the customer provide the VGM?"

Will other websites offer customers the option to submit VGM before Shipping Instructions submission?

Yes, the VGM field is available on all brand sites:

- Maerskline.com
- Safmarine.com
- Seagoline.com
- MCC.com.sg
- Sealand.com



Will Maersk Line charge an amendment fee if the customer modifies the VGM?

At this time, Maersk Line and above mentioned brands, do not plan to charge shippers for using our self-service portals, nor will we charge any amendment fee if a shipper amends the VGM.

Does a VGM need a certificate?

Maersk Line does not require a certificate at this stage. However, as per local country rules and regulations not yet in place, a certificate could be required under Method 1.

If a VGM certificate is required by local authorities, they shall provide additional information on the format.

Will Maersk Line have VGM information in the Booking Confirmation?

In the Booking Confirmation, a standard text will be added stating that effective 1 July 2016, the VGM is mandatory for all shipments. We will also aim to include submission deadline.

Will Maersk Line introduce a VGM certificate template for customers?

The carrier will not be responsible for VGM certificates. If certificates are required by member states, they will have to follow local country regulations/format. Where shippers submit VGM through the e-channel, the VGM is accepted without having to physically submit the certificate, and neither name nor signature is required in such cases.

Is there a specific template customers should use when submitting the VGM via manual format? For example, via email?

At this time we do not have a manual form for submitting VGM to Maersk Line. Digital formats of submission such as maerskline.com or EDI are highly encouraged to avoid errors and delays in submission.

VGM VFRIFICATION

Will Maersk Line verify the VGM provided by the shipper?

Under the SOLAS Amendment, Maersk Line is not required to verify or compare the VGM provided by the shipper. However, if the terminal questions the declared weight and provides a certified scaled weight for the container, that weight will be used as the VGM for load planning.

MISSING VGM

Will Maersk contact customer for missing VGM?

Yes, Maersk Line follow-up of missing VGM information.



METHODS OF WEIGHING

What are the methods of weighing the container?

Shippers may use one of two methods to determine the VGM:

- Method 1:
 - Weighing the fully loaded container after it has been packed and doors closed and sealed.
- Method 2:
 - Weighing the content of the container (cargo and any packing materials and then adding that to the tare weight of the container as indicated on its door).

Container tare weight is available on maerskline.com for <u>dry</u> and <u>reefer</u> containers.

CUT-OFFS

What is a VGM cut-off?

As a general guidance, the VGM should be received by Maersk Line prior to the cargo gate cutoff before loading the vessel. However, given the specific requirements implemented by each port and/or terminal, the cut-off for a VGM may vary and will therefore be communicated separately by our local organisations. Maersk Line will provide the cargo cut-off and deadlines for declaring a VGM at the time of booking via your Booking Confirmation.

What if my trucker arrives at the gate and the VGM has not yet been communicated to the terminal?

For terminals allowing the trucker in the gate without the VGM, the container (s) will be placed on VGM hold. All costs associated to movement at the terminal are for the shippers account. For terminals not allowing the trucker at the gate without the VGM, trucker may be turned away until the VGM has been keyed in the terminal's system.

Will the VGM cut-offs be included on Booking Confirmations sent to customers?

The VGM cut-off will be included in the Booking Confirmation for that specific service/terminal.

Will containers loaded from first load port before 1 July 2016, but transhipping after 1 July need to have a VGM in order to be loaded at transhipment ports?

According to the IMO guidance and the interpretation provided by some governments, containers need the VGM from 1 July. However, in practical terms it will be extremely difficult to abide by, since in effect it means that shippers and carriers would have to set and agree on a new and much earlier time of submission of the VGM for containers to be transhipped, probably weeks in advance of 1 July. We are working on finding a bridging solution for transhipment containers (and boxes on hold for various reasons).

What is the cut-off time for the shipment? When and where will I find it?

Maersk Line is in the process of establishing terminal specific cut-off times and will, once established, post information <u>here</u> on the country specific terms.



NO VGM, NO GATE IN

What is the "No VGM, No Gate-in" Policy?

While Maersk Line will comply with the IMO's SOLAS requirement for VGM prior to loading, some terminals may adopt an additional buffer known as the "No VGM, No Gate-in" policy. It is important to emphasize that the "No VGM, No Gate-in" policy is decided and enforced by the terminal and not by Maersk Line.

This policy will prevent a packed container from entering the gate in the absence of the VGM. In the event of a terminal enforcing a "No VGM, No Gate-in" policy, the VGM will need to be submitted to Maersk Line in due time, before Gate-in. The exact submission deadline will be communicated separately by the local organizations.

Will the terminal allow my trucker at the gate without the VGM?

This is subject to individual terminal policy and could vary by country or Marine Terminal Operator (MTO). Terminals may apply this as a "No VGM, No Gate-in" policy.

What about inland ports?

Independent port operators will have their own set of rules i.e. "No VGM, No Gate-in" Maersk Line has to then process the SOP for that location/port accordingly for the customers.

VGM SIGNATURE

Is a signature mandatory when submitting the VGM to the carrier?

No, a signature is not mandatory when submitting the VGM if submitted via maerskline.com as a registered user. If submitted manually (email and fax) then a signature is required.

Is there specific carrier language for manual/email submission that meets the SOLAS requirement for identifying the shipper's signature?

- If this is related to the signature only: a signature is not mandatory for submitting the VGM when submitted via our maerskline.com
- If it is about signature on the certificate, then signature is not language specific
- The VGM should be submitted in English.

Can a shipper nominate a third party for submitting the VGM?

The shipper can nominate a third party for submitting the VGM. We will record the sender in our systems.

TARE WEIGHT

Can a customer obtain the tare weight of a containers on our maerskline.com?

Yes, customers will be able to find the tare query function on maerskline.com, please find on page 10, under Relevant Links.



How accurate is the container's weight indicated on the container?

The weight indicated on the container door (CSC Plate) should be considered as accurate. Maersk Line will be launching a solution to facilitate this method for customers by providing a convenient way to lookup the container tare weight on our website maerskline.com. For the time being customers can find tare weights under Dry and Reefer container sections: Please refer to page 10 for relevant links.

TOLERANCE

What instructions will Maersk Line give to the terminal with regards to the variance (i.e. acceptable difference between shipper's VGM and terminal VGM?)

If a customer submitted the VGM before container gate-in at the terminal, then the container will not be weighed again at the terminal to create a VGM, unless this is required by national legislation. If it is weighed, the terminal VGM will always overwrite the shipper VGM.

What do government enforcement authorities consider permitted tolerance between actual vs. reported VGM in order to be compliant?

Enforcement authorities in some countries have stated a 2-5% tolerance for the VGM to be considered compliant. For specific tolerances, please refer to the World Shipping Council.

How will Maersk Line be verifying if the VGM provided by shipper is correct?

Maersk Line will not verify the VGM, it is shipper's responsibility to provide the correct VGM.

How will freight forwarders know that the shipper is supplying the right weight?

The shipper is solely responsible for providing the VGM. The shipping line and freight forwarder are not responsible for verifying this information.

What tolerance will Maersk Line accept or does Maersk Line apply?

Tolerance levels will be defined and enforced by the pertinent national authority. This varies between member states, most of which have not yet provided information. Maersk Line will accept the VGM submitted by shipper.

What will the penalty be in case a packed container is inspected and a weight discrepancy is found?

If the stipulated tolerance is exceeded, national authorities will decide on potential fines/penalties.



PENALTIES

What if a shipper does not provide a VGM prior to cut-off?

Several possible outcomes may occur if the VGM is not provided to Maersk Line before cut-off:

- If a terminal at the port of loading has adopted the "No VGM, No Gate-in" policy, the container may be denied entry. Additional costs may incur for the time spent outside the terminal awaiting submission of the VGM.
- No container will be loaded on board a vessel without a VGM, resulting in cargo delivery delays. Additionally, potential demurrage and/or detention charges may apply when a container is sitting idle at the terminal awaiting for VGM submission.
- Should a container mistakenly be loaded to a vessel without a VGM, any transhipment port may refuse to handle the container. Consequently, the vessel or container may be subject to delays or be held at the transhipment terminal.
- Although rail providers have announced that the VGM requirement does not impact rail operations, if a terminal has a "No VGM, No Gate-in" policy, the export container arriving to this terminal before VGM submission may result in additional charges to the customer.

Will the shipper be subjected to penalties for non-compliance (not providing a VGM to the carrier/terminal before cut-off information)?

Penalties for non-compliance are determined by the SOLAS enforcing authority. The consequences of non-compliance, hereunder potential fines/penalties will vary by country.

Will authorities impose any specific requirements with respect to the format of the shipping document on which the VGM is transmitted?

It must clearly indicate that the weight provided by the shipper is the Verified Gross Mass (and measurement unit).

What will the charges be, if any, for using various booking portals? For fillings and for subsequent amendments needed?

Maersk Line, at this time, does not plan to raise a charge for using <u>www.maerskline.com</u>. Other portals may do so.

REGULATORY

Will other carriers be more flexible in the SOLAS/VGM implementation?

The SOLAS Amendment is applicable to all shippers and shipping lines. The amendment is required to be enacted nationally. If not, it is self-executing meaning that requirements enter into force at any rate.

How should VGM and the customs document showing different weights be handled?

Customs documents are not expected to match with the VGM because it has the gross weight of the cargo excluding the weight of the container.



Who is responsible for the VGM submission?

The 'Shipper' named on the ocean Bill of Lading is the party responsible for providing the VGM to the carrier. A VGM needs to be submitted for every container being loaded on the vessel, before the load list cut-off. If the VGM is not provided in due time, the container cannot be loaded. A shipper can authorise a third party to provide the VGM on their behalf.

Why is the implementation of VGM not standardised around the world?

In the absence of harmonisation of the SOLAS Amendment, each member state will potentially interpret and implement the VGM differently. It is therefore important that shippers check local rules and regulations.

Why can Maersk Line and other shipping lines not tell terminals to standardise?

Maersk Line and other carriers definitely prefer standardised processes as do shippers. Terminals typically seek to optimise their own processes, which has led to an uneven implementation process.

WEIGHING SERVICES

Will Maersk Line incur any cost associated with VGM weighing services at the terminal?

Maersk will not incur costs associated with services provided at the terminal in obtaining or verifying VGM. Maersk Line reserves the right to, as from 1 July 2016, to charge a fee in cases where the shipper's lack of compliance to this regulatory requirement have resulted in additional fees and/or charges to Maersk Line.

Will any terminals offer weighing services?

We expect that many terminals may decide to offer a VGM weighing service. If not, shippers should use a certified weighing station outside the terminal.

Will all ocean container terminals have weighing scales in place to perform weighing?

This depends on the position taken by the terminal operator. Weighing at the ocean terminal should be seen as an exception. Shippers should seek to weigh and provide VGM prior to gate-in at the terminal. This is done to optimize the vessel operation, minimise the risk of missing the cut-off and avoiding costs from extra weighing and handling at terminals. Any VGM weighing service provided by the terminal for the shipper is at the cost of the shipper.

INLAND

Will containers be accepted at the inland point without a VGM?

This will be a local decision, however the VGM will be a mandatory requirement for loading on the vessel in the first load port.



OTHER

Does the VGM influence pricing?

Pricing is not done based on the VGM.

What will the charges be, if any, for using the various booking portals? For filings and for subsequent amendments, if needed?

Maersk Line at this time does not plan to raise a charge for using www.maerskline.com. Other portals may do so.

Do barges fall under the VGM scope?

Barges do not fall under the VGM scope. But early availability of VGM will facilitate operation in the terminal of loading.

Is VGM applicable to break-bulk shipments?

No, break-bulk is exempt from VGM requirement, unless it is transported in a container.

Will VGM show on the Bill of Lading?

No, it will not. The VGM is declared separately from the gross cargo weight entered in the Bill of Lading.

How does the VGM implementation affect importers?

Maersk Line across its global network is closely working with local authorities, terminals and other partners, to facilitate the submission of a VGM at the port of loading. Importers should work with their counterparts at origin to ensure a process is in place to submit the VGM to Maersk Line, following the regulations issued by local governments.



RELEVANT LINKS

- Verified Gross Mass, Maersk Line website
 http://www.maerskline.com/da-dk/shipping-services/verfied-gross-mass
- Tare weight for dry containers
 http://www.maerskline.com/da-dk/shipping-services/dry-cargo/equipment-and-services/specifications
- Tare weight for reefer containers
 http://maersklinereefer.com/equipment-services/specifications
- VGM cut-offs per country <u>http://www.maerskline.com/da-dk/help/world-factbook</u>
- My Maersk Line portal <u>http://my.maerskline.com/</u>
- World Shipping Council http://www.worldshipping.org/industry-issues/safety/cargo-weight
- International Maritime Organisation
 http://www.worldshipping.org/industry-issues/safety/SOLAS CHAPTER VI Regulation 2 Paragraphs 4-6.pdf