



EVERGREEN LINE

SOLAS VGM Rule Advisory for North America exporters

March 23, 2016

As you may be aware, the International Maritime Organization (the "IMO") has amended the Safety of Life at Sea Convention ("SOLAS") to require that, as a condition of loading aboard ship, every export container first have a shipper submitted "verified gross mass" (referred to as a "VGM"). The VGM is simply the total of the container's tare weight plus the weight of the cargo stuffed inside. The SOLAS requirement takes effect July 1, 2016.

With the approach of the July 1st deadline, Evergreen Line has been working on ways to help its customers comply.

A. CALCULATING THE VGM

There are two permissible methods for calculating the VGM.

1. Method No. 1 is to weigh the container after it has been packed.
2. Method No. 2 is to weigh all the cargo and contents (the mass of pallets, dunnage and other securing material) of the container and add those weights to the container's tare weight as indicated on the door end of the container, estimated weights are not permitted. As a convenience to our customers who wish to use the easier and less expensive Method No. 2, Evergreen is working on an online function to make the container tare weight available on its web site. The function is expected to be ready soon.

B. SUBMITTING THE VGM

Evergreen will make the following channels available for shippers to submit the VGM.

1. Via EDI in following formats:
 - The new VERMAS (EDIFACT),
 - Booking request 300/IFTMBF (ANSI/EDIFACT),
 - Shipping Instruction 304/IFTMIN (ANSI/EDIFACT),

2. Via www.shipmentlink.com on the Evergreen Line Portal website,
3. Via Mobile APP , or
4. By email or Fax

C. **WHEN TO SUBMIT THE VGM**

Due to different practice taken by MTO, Evergreen VGM cutoff is set as following:

1. "Prior to CY cutoff" of the vessel at the port of loading, or
2. Two (2) hours before gate-in for terminals with a "No VGM, no gate-in" policy.

To save our customers the trouble of having to ascertain which of the two deadlines applies, Evergreen will make the VGM cut-off time available on its website under the vessel's sailing schedule. It will also include the VGM cutoff time in its booking confirmation.

Rail IPI shipment will adopt same VGM cutoff as the port cargo.

D. **CONSEQUENCES OF FAILING TO SUBMIT A VGM**

The consequences of failing to provide a VGM include but are not necessarily limited to the following.

1. If a container's VGM is not timely submitted, the container is not allowed to be loaded onboard ship.
2. Even if a container with no VGM submitted is somehow mistakenly loaded aboard ship, the transshipment port or port of delivery terminals might refuse to handle it; or the container or vessel might be held or delayed by local authorities.
3. If the terminal at the port of loading has adopted a "No VGM, no gate-in" policy, a trucker who arrives at the gate with a container for which no VGM has been submitted will not be allowed to gate-in. The customer could incur the costs of (i) a wasted round trip if gate-in is denied; or (ii) a long wait for the VGM to be submitted.

4. Even if the terminal allows a gate-in without a VGM already submitted, there could be extra shifting charges assessed against the customer if the VGM has not been submitted when the terminal must finalize the stowage plan.
5. Although rail carriers have taken the position that the VGM requirement does not affect rail transportation, there could be substantial costs to the customer if an IPI export container arrives at the terminal before submission of the VGM, and the terminal has a "No VGM, No gate-in" policy.

Included at the end of this Advisory for your ready reference is the OCEMA Best Practice of March 21, 2016.

To view the complete OCEMA article about SOLAS, go to:

<http://www.ocema.org/>

To view a summary of the IMO's VGM requirements, go to:

<http://www.worldshipping.org/industry-issues/safety/cargo-weight>

We thank you for your continued support. Please feel free to contact your local Evergreen Line Sales Representative if you have any additional questions

Respectfully,

Evergreen Shipping Agency (America) Corporation

As Agent for Evergreen Line



OCEMA Press
Release re OCEMA VGM



OCEMA VGM Best
Practice.pdf



OCEMA VGM Process
Map.pdf



OCEAN CARRIER EQUIPMENT MANAGEMENT ASSOCIATION

FOR IMMEDIATE RELEASE

March 21, 2016

OCEMA ADOPTS Verified Gross Mass (VGM) Best Practice and VGM Process Map

Washington, D.C. March 21, 2016 – In an effort to facilitate compliance with the IMO’s Verified Gross Mass rule, OCEMA’s 18 ocean carrier members have unanimously adopted a Recommended Best Practice for the Acceptance and Transmission of Verified Gross Mass. This is the first comprehensive “roadmap” adopted by any industry group. It represents five months of work by an OCEMA VGM working group, during which time OCEMA also conferred with industry stakeholders on various technical aspects of the Best Practice.

The IMO’s container weight verification rule, issued pursuant to the International Convention for the Safety of Life at Sea (SOLAS) goes into effect on July 1, 2016. The U.S. is a party to the SOLAS treaty. The VGM rule is intended to provide a more reliable, verified container weight to reduce risk of injuries and loss of life to workers involved in loading and ocean transport operations.

“OCEMA members are committed to helping U.S. export stakeholders prepare for the implementation of the IMO SOLAS requirements for container weight verification, while meeting their own global commitments as carriers,” said Frank Grossi, Chairman of OCEMA and Executive Vice President, COSCO Container Lines America, Inc. Mr. Grossi further stated, “Industry stakeholders have raised questions and asked for clarification of the VGM rules. OCEMA aims to address these questions with practical, common sense guidance as provided in the OCEMA Best Practice and its VGM Process Map.”

The VGM Best Practice and Process Map were developed by OCEMA’s Container Weight Committee and unanimously approved by senior executives of all 18 ocean carrier members of OCEMA. The Best Practice was designed to minimize burdens on shippers, carriers, terminals and others by providing a standardized U.S. framework for VGM compliance while making as few changes from present practices as possible. It also addresses concerns raised by export shippers regarding container tare weight, gate acceptance, and options for transmitting VGM to carriers.

“Once implemented, the VGM rules will provide for safer, more efficient transportation of containerized cargo. The new rules will require all industry participants to make some changes, but the OCEMA Best Practice is intended to make the process as painless as possible for all stakeholders,” said Robert Cannizzaro, Vice President of Marine and Terminal Operations, Hamburg Süd, who chaired the OCEMA VGM special working group.



OCEAN CARRIER EQUIPMENT MANAGEMENT ASSOCIATION

The OCEMA Best Practice addresses the technical and operational aspects of implementation of the VGM requirements in the U.S. Specifically, the Best Practice provides guidance as to how ocean carriers will receive VGM from their customers, allowing multiple options to provide data. If a shipper has a personal computer, tablet, or smart phone, there will be options to transmit VGM. The Best Practice also provides clarity on when that information needs to be submitted relative to vessel loading; and identifies how information will be shared with marine terminal operators and vessel operators to facilitate stowage planning.

The Best Practice clearly reaffirms what the IMO rule mandates for all international container vessels – that a container cannot be loaded aboard the vessel without the verified gross mass. “Carriers are faced with a clear legal obligation not to load a container aboard their vessels without the VGM as defined under the IMO rule. That said, OCEMA and its special working group want to do so with as little disruption to existing processes as possible.” said Jeff Lawrence, OCEMA Executive Director, “We have 100 days until the rule goes into effect so we need to work together. The Best Practice will help the U.S. export industry and service providers reach the goal of efficient implementation of this important safety initiative.”

OCEMA will continue to proactively collaborate with industry stakeholders, including shippers, marine terminal operators, and rail carriers to facilitate compliance with the IMO SOLAS VGM requirements and work to minimize any risk of disruptions in the supply chain. OCEMA’s priority is to improve efficiencies at ports and inland facilities across the U.S. and ensure the safe and fluid movement of international ocean freight within the U.S. Information will be available on VGM on OCEMA’s website: www.ocema.org. OCEMA welcomes inquiries from industry stakeholders seeking guidance on compliance with the VGM rule and the OCEMA Best Practice. A list of OCEMA members, the Best Practice and Process Map are attached.

OCEMA is an association of 18 major U.S. and foreign flag international ocean common carriers that provides a forum for its members to discuss operational, safety, and related matters pertaining to the intermodal transportation of ocean freight within the U.S. Included in its scope are equipment-related operational, safety, and regulatory activities. OCEMA also operates the CCM chassis pool system, which manages 140,000 chassis at over 200 U.S. intermodal locations.

-30-

FOR MORE INFORMATION, CONTACT:

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OCEAN CARRIER EQUIPMENT MANAGEMENT ASSOCIATION

LIST OF OCEMA MEMBERS

American President Lines
Atlantic Container Line
CMA CGM
COSCO Container Lines
China Shipping Group
Evergreen Marine Corporation
Hamburg-Sud
Hapag-Lloyd
Hyundai Merchant Marine Co.
K Line
Maersk Line
Mediterranean Shipping Co.
Mitsui O.S.K. Lines
NYK Line
Orient Overseas Container Line
United Arab Shipping Company
Yang Ming Marine Transport Corp.
Zim Integrated Shipping Services

OCEMA Recommended Best Practice for the
Acceptance and Transmission of
Verified Gross Mass

Amendments to the International Convention for the Safety of Life at Sea (“SOLAS”), to which the U.S. is a signatory, will go into effect globally on July 1, 2016. In general, the amendments require shippers to provide the Verified Gross Mass (“VGM”) of containers carrying cargo before those containers can be loaded aboard a vessel. Without a VGM, the amendments also prohibit the vessel operator from loading a packed container.

OCEMA recognizes that all members of the shipping community will be affected by this regulation. In an effort to facilitate and simplify compliance, OCEMA has developed a best practice for the receipt and forwarding of VGM. A key objective of the best practice is to develop processes that will have as small an impact as possible on all participants. The following describes the Best Practice as it applies to the:

- **Shipper** (The cargo owner, exporter, NVO, freight forwarder or agent that is making arrangements to stuff and/or transport the container.)
- **Ocean Carrier** (The steamship line with which the Shipper is contracting to transport the container.)
- **Marine Terminal Operator** (The operator of the facility where the container will be loaded aboard the vessel.)
- **Vessel Operator** (The steamship line whose vessel is actually transporting the container. This may be the same as the Ocean Carrier or, in the case of a move conducted under a vessel sharing agreement or space charter, it could be a different steamship line.)

The Best Practice, as described below, is further illustrated in the attached Process Map.

NOTE: This is a recommended best practice for general SOLAS VGM compliance. OCEMA members recognize that a particular move may not fit within a standard process. Accordingly, Shippers and Carriers are encouraged to work together in such cases to facilitate the timely availability of VGM. OCEMA also welcomes inquiries and comment from the shipping public. Comments and questions can be submitted through the OCEMA website, www.OCEMA.org.

OCEMA's VGM Best Practice

Shipper Responsibilities

Because the Shipper is uniquely situated to know and report the weight of the container, the Shipper determines the VGM for the loaded container using one of the two methods provided under SOLAS regulations.

- (1) Pursuant to the SOLAS regulations, the Shipper may calculate VGM by:
 - (i) weighing the packed container using calibrated and certified equipment; or
 - (ii) weighing all packages and cargo items, including the mass of pallets, dunnage and other securing material to be packed in the container and adding the tare mass of the container to the sum of the single masses, using a certified method approved by the competent authority of the State in which packing of the container was completed.

In accordance with SOLAS guidelines, if using method (ii), Shippers may use the container tare weight marked on the container. OCEMA's position on tare weights is consistent with that of the IMO in that a Shipper may rely on the tare weight printed on the container when using method (ii) to determine VGM.

To facilitate Shipper operations, some ocean carriers have indicated that they may provide a database of tare weights on their websites. However the tare weight is provided, it is acceptable for Shippers to rely upon the tare weight being made available by the Ocean Carrier. The Shipper would not be certifying the accuracy of the container tare weight printed on the container.

- (2) A person duly authorized by the Shipper must certify the VGM by signing the shipping document and providing it to the Ocean Carrier by the VGM cut-off time or by providing VGM in electronic form with an electronic signature by the VGM cut-off time.

HOW to provide VGM to the Ocean Carrier?

In order to facilitate the provision of VGM and provide flexibility to the trade community, there are several methods for submission of VGM to Carriers. However, electronic provision is *preferred and will expedite transmission of data*. (Note: some Carriers may only accept VGM in electronic form. Please check with Carrier).

- EDI message (VERMAS, or for example a 304 message)
- Portal Service (INTTRA, Nexus, CargoSmart, other)
- Through the Ocean Carrier's web portal specifically designed to accept VGM
- Alternative methods to be determined by the Ocean Carrier

WHEN must VGM be received by Ocean Carrier (“VGM Cutoff”)?

- For VGM submitted electronically: As a general practice, when the receiving cutoff time is determined to be at the close of the business day, VGM Cutoff will be at noon of that day. Regardless of the receiving cutoff time, Carrier will advise the Shipper of VGM Cutoff at time of booking.
- For VGM submitted through alternative methods, VGM Cutoff will be determined by the Ocean Carrier, but will typically be earlier than for electronic submissions to allow time for processing
- Similar to the concept of “No Docs/No Load” that is already in place, if the Ocean Carrier does not receive VGM prior to the VGM Cutoff time, the container cannot be loaded aboard the vessel. Instead, it will be sidelined until the next available sailing by which time the Shipper must have made arrangements for the provision of VGM. The treatment of any costs or other circumstances arising out of a Shipper’s failure to timely provide VGM will be a matter for individual Ocean Carriers to determine in accordance with their applicable tariffs and service contracts.

Once the Ocean Carrier receives the VGM, the Shipper’s responsibilities are complete.

Ocean Carriers

It then becomes the responsibility of the Ocean Carrier to forward the VGM to the Marine Terminal Operator (MTO) and/or the Vessel Operator.

The Ocean Carrier will provide VGM to the MTO in electronic format. Provision of VGM to the MTO in any format other than electronic will only be done on a case-by-case basis with the agreement of the MTO. There is no need to provide the actual signature certification to the MTO or Vessel Operator. Provision of a VGM by the Ocean Carrier indicates that it has been certified by the Shipper.

HOW to provide VGM to MTO?

- EDI Standard 301, 315 or COPRAR message set

WHEN must VGM be sent to the MTO?

- VGM must be provide to the MTO in time to develop the Load List

Marine Terminal Operator

The MTO will receive the VGM electronically and use it to develop the Vessel Stow Plan. The MTO will provide the VGM to the Vessel Operator through a standard BAPLIE message.

HOW to provide VGM to Vessel Operator?

- MTO to send VGM via Standard EDI BAPLIE

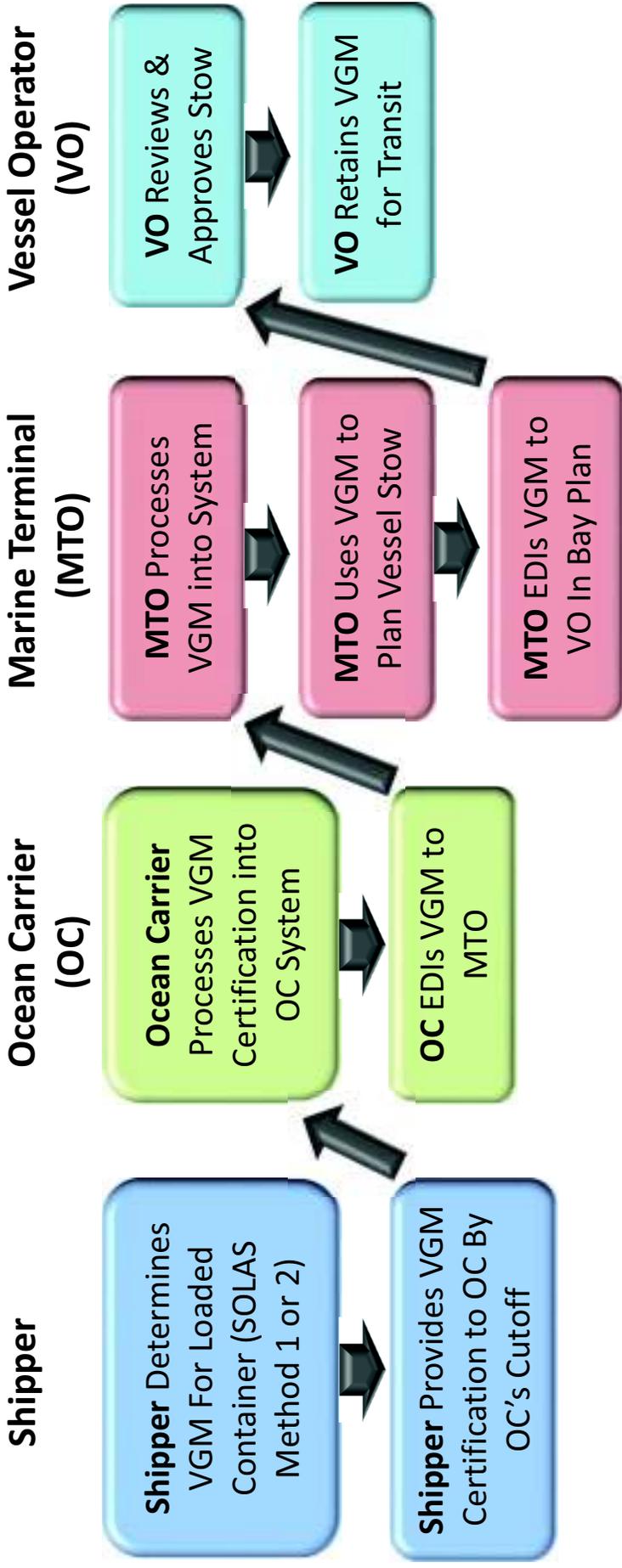
**IF VGM IS NOT RECEIVED THE CONTAINER CANNOT BE
LOADED ON TO THE VESSEL.**

Vessel Operator

The Vessel Operator reviews and executes the Stow Plan as it normally would and retains the VGM for vessel transit and use at destination.

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OCEMA is an association of 18 major U.S. and foreign flag international ocean common carriers that provides a forum for its members to discuss and cooperate on operational, safety, and related matters pertaining to the transportation of international ocean freight within the U.S. OCEMA operates pursuant to authority set forth in an agreement filed with the Federal Maritime Commission. The foregoing is an OCEMA recommended best practice. Individual ocean carriers may deviate from this practice as they may deem appropriate to meet operational or other business requirements.



Standard VGM Cert Varies By OC

- EDI (VERMAS or other i.e. 304)
- Portal Services (INTTRA, Nexus, CargoSmart...)
- Ocean Carrier Web Portal
- Electronic Methods Preferred
- Alternative Methods TBD by OC

VGM Cutoff Provision by OCs

- For Close of Business (COB) Receiving Cutoff, **VGM Cutoff Same Day Noon**
- For non-COB Receiving Cutoff or Alternative VGM Communication Methods, VGM Cutoff TBD by OC
- Concept Similar to "No Docs No Load"

VGM Flow OC to MTO

- EDI Standard 301, 315 or COPRAR TBD
- VGM Value Only Transmitted, not VGM Certification
- **Transmission to MTO by Time of Load List Cutoff**

VGM Flow MTO to VO

- EDI Standard BAPLIE
- Loading To Vessel
- **If No VGM is Received MTO Will Not Load Unit to Vessel**

*** OCEMA VGM Process Map**