

NOTICE



■ Customer Advisory - New BAF for IMO 2020 Low Sulphur Regulation

04 July, 2019

Dear Valued Customers,

In order to reduce harmful impacts of shipping on the environment, from 1st January 2020, the International Maritime Organization (IMO) will enforce a new 0.5% global sulphur cap on fuel content lowering from the present 3.5% limit.

Yang Ming welcome the reduction of the sulphur pollution from shipping industry and fully support the IMO regulations. We are preparing to ensure the compliance prior to the effective date.

Due to the compliance in new regulation, the preparatory adjustment should be made prior to 1st January 2020. As expected, fuel cost has already gone up tremendously and the low sulphur surcharge will certainly be introduced from 2019.Q4 for the additional cost recovery.

To cope with the coming IMO 2020 low sulphur regulation, a mechanism for calculating the “new BAF” has been designed to appropriately recover the significant cost from 2019.Q4. In the mechanism, the fuel price and trade factors (e.g. Fuel consumption/ lifting/ bunkering ports) are considered, and the Simulation of New BAF quantum (per TEU) is transparent to different trade lanes at different fuel prices. Customers can predict the new BAF quantum easier while the fuel price fluctuates from time to time.

Yang Ming is grateful for your continued support. Should you have any questions, please feel free to contact our local sales representative for further information.

Sincerely

Yang Ming Marine Transport Corp.