

## Announcement about LSS

Dear Valued Client,

Guangzhou China, Sep 06, 2019

The new Low Sulphur Regulation of International Maritime Organization (IMO 2020) will be effective from 1<sup>st</sup> January, 2020 with aiming to reduce the sulfur oxide (SOx) released in the atmosphere and all shipping companies and their vessels trading worldwide will have to comply. After evaluating the ways in which we, COSCO SHIPPING Specialized Carriers Co.,Ltd. who should comply with the new regulation, have decided to favor the use of 0.5% m/m VLSFO (Very low sulfur fuel Oil) globally and 0.1% m/m ULSFO (Ultra Low sulfur fuel Oil) in some designated area for our vessels fleet. In addition to the costs related to preparing our fleet, the fuel itself is significantly more expensive.

Please be informed that all of our tramp-liner service & tramp booking for voyages commencing on or after 1<sup>st</sup> October 2019 will be subject to the Low Sulphur Surcharge (LSS) or saying Bunker Adjustment Factor (BAF) clause. In order to reflect the diversity of multi-purpose shipping services, the BAF or LSS rate will implement different pricing methods according to different shipping areas, ship types, cargo types and other factors , so as to share the increased operating costs of using low sulfur oil fairly with surcharges level between usd 6 and usd 20 per freight ton of each shipment. We will also negotiate with our valued clients on the supplementary terms of the previous contracts being executed from 1<sup>st</sup> Jan. 2020 for the sake of the requirements of the new regulations.

If you have any questions about the new IMO2020 regulatory change, please do not hesitate to contact with us or booking agent . You are also welcome to check our website (<http://spe.coscoshipping.com/>) for further updates.

Thanks & Best regards.

COSCO SHIPPING Specialized Carriers Co.,Ltd.

	IMO2020	2020	1	1	
	0.5m/m	(VLSFO)			0.1m/m
(ULSFO)					
	LSS	BAF			2019 10 1
		6	20		

<http://spe.coscoshipping.com/>

