



## Customer Advisory

### Update on Bunker Adjustment Factor and new Environmental Fuel Fee

Dear customer,

From 1st January 2020 a new regulation by the International Maritime Organization (IMO) will come into force to reduce air pollution from ships globally. Whereas today ships can use fuel with up to 3.5% sulphur content (outside Emission Control Areas), the new regulation will reduce the global sulphur cap to 0.5%.

This will significantly decrease the amount of sulphur coming from ships to help improving global health and environmental conditions which is vital to our company vision.

**Contributing to a cleaner environment by complying with the new IMO regulation will increase the costs of shipping as low sulphur compliant fuel oil costs more.**

#### What does this mean to you?

#### **Changes to Bunker Adjustment Factor (BAF)**

As previously communicated, our revised Bunker Adjustment Factor (BAF) is designed to adjust contract rates within the duration of a contract, based on fluctuations in fuel-related costs. It applies to contracts with validity longer than 3 months.

In 2019, we have used the fuel price for high sulphur fuel (3.5% sulphur) to calculate the BAF. From 1st January 2020, the BAF tariff will be calculated based on the fuel price for 0.1% sulphur gasoil with a fixed deduction of 50 USD/ton.

#### **Introducing new Environmental Fuel Fee (EFF)**

Effective from 16th December 2019, Sealand – A Maersk Company will introduce an Environmental Fuel Fee (EFF) on all trades, which will apply to all spot business and contracts with validity up to 3 months.

The EFF tariff will be trade-specific and reflect the fuel-related cost increases that result from complying with the IMO 2020 regulation (calculated as the price difference between high sulphur fuel and low sulphur fuel multiplied by a trade factor).

The EFF tariffs will only be reviewed in case of significant fuel price fluctuations (above 50 USD/ton) and will be announced mid-November 2019.

We thank you for your support and look forward to continuously serving your transportation needs which soon will contribute to a cleaner environment in the world. Should you have any questions, please feel free to contact your [local Sealand - A Maersk Company representative](#).

Best regards,  
**Sealand - A Maersk Company**  
**Europe and Mediterranean**

Do you have a question?  
[www.sealandmaersk.com](http://www.sealandmaersk.com)