



# Pakistan International Bulk Terminal Limited

Re: Implementation of a new SOP w.e.f. July 1, 2021

Dear Customers,

1. PIBT is providing its state-of-the-art terminal services to your esteemed organizations since the commencement of its commercial operations in April 2017. The honourable Supreme Court vide its Order dated 02.01.2020 in CRP No. Nil-K/2018 in HRC No. 29999-S/2018 has been pleased to direct that delay in unloading coal can be reduced if the import of coal is properly regulated and if vessels carrying coal arrive at reasonable intervals. PIBT has been working diligently to regulate and efficiently handle the ever growing volume of coal imports at Port Qasim. We now regularly update our website to display the vessel arrival schedule so as to enable coal importers to schedule their coal imports in the most efficient manner and to avoid two vessels arriving at the same time. This assists the Terminal in endeavouring to discharge a 60,000 ton coal vessel in less than two days of operations as compared to several days of operations as was done earlier at the stevedoring berths at KPT.
2. Needless to say, the Terminal is designed to unload coal and not anything else. If a cargo contains pieces of metal or scrap (hereinafter "Debris"), ice or excessive moisture which turns dry coal to sludge (hereinafter "Sludge") this would obviously put considerable strain on the Terminal's infrastructure and the same could result in catastrophic incidents. This means that the Terminal has to slow down its discharging activity and employ additional manpower (at extra cost) to monitor the cargo and ensure the timely removal of the Debris and Sludge from the cargo. This in turn creates a bottleneck where vessels which have arrived as per the original schedule at the outer anchorage have to wait additional days and face extra charges and delays because the previous ship has not been unloaded.
3. In the past some consignees have repeatedly brought sub-standard/contaminated coal cargoes which contain Debris and/or Sludge. As a result, it has taken several days to unload such vessels with the obvious result that subsequent vessels had to wait longer than normal at the outer anchorage. This incurred extra costs for the consignees whose cargo was on the delayed ships. These extra costs were obviously not passed on to the consignee of the sub-standard/contaminated cargo – whose negligence/cost cutting had caused the delay. This is very unfair and as a result it reduces the incentive for all consignees to ensure that their cargo is not sub-standard or contaminated. More importantly, this not as efficient as it should be.
4. Therefore, keeping in view, the directions of the honourable Supreme Court, PIBT has decided to implement a new system with effect from July 1, 2020. Henceforth, if any consignee brings in a cargo which appears contaminated, then PIBT will require that consignee to immediately provide a suitable Letter of Indemnity and PIBT will appoint a third party surveyor of international repute (like SGS or Bureau Veritas), and the findings of the Inspection/Survey Report will be acceptable to (and binding on) all parties. Please note that the cost of such third party Inspection/Survey, which will be charged to the consignee, is nominal - less than a few thousand US dollars - as compared to the value of a coal consignment which is typically several million US dollars.

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A Marine Group Company

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In case, the Survey Report shows that the coal is not free flowing and/or is contaminated with Debris / Sludge which may damage the Terminal equipment, PIBT will have to take extra precautions (and deploy additional staff) while unloading in order to prevent damage to its equipment. This will obviously not only result in slower unloading but will also require PIBT to not only incur additional expenses but also suffer loss in business revenue. These expenses will perforce be recovered from the consignee in the form of higher incidental charges, which are tentatively assessed at US\$ 2 / ton, and do not include any costs of actual damage to the Terminal, loss of business and consequential losses etc. PIBT reserves the right to enhance this amount if circumstances so warrant. It is clarified that the primary reason for the imposition of the above charges in the specific circumstances where an importer has brought in heavily contaminated cargo is not for the Terminal to make more profits but to serve as a disincentive to such importers so as to ensure that they effectively monitor their coal imports and not harm the Terminal equipment or cause harm to other consignees whose ships face unexpected delay as a result.

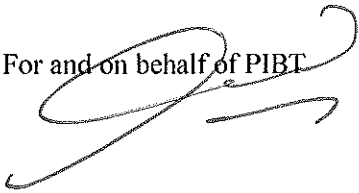
5. It may be noted that as an introductory and temporary measure to enable and assist our clients in shifting their business from Karachi Port to PIBT, we have from time to time given not only promotional and volumetric discounts but also allowed laytime. Alhamdulillah, as our volumes have increased, maintaining the existing structure will result in our inability to handle all the cargo in an efficient manner, i.e. in the minimum possible time. Keeping in view, the directions of the honourable Supreme Court and the present prevailing circumstances, we have decided to rationalize and formalize our discount policy. We have therefore decided to invite all our regular clients to enter into formal contracts of twelve months or longer with us. Entering into such contracts will give us certainty of volumes and that will enable us to continue offering discounts in appropriate cases. It will also allow us to formally record that client's acceptance and approval of this SOP so as to avoid any possible dispute in the future. For the record, we would like to reiterate that our existing Tariff is staying at the same level as it has been at for the last two years and it is only certain discounts which were voluntarily agreed to by PIBT which are being discontinued in some cases.
6. The shipping agent representing the importers sends an email message to PIBT for the Expected Time of Arrival ("ETA") of their coal vessel. The Terminal updates the ETA of the vessels in their vessel schedule for all importers to plan accordingly so that there should be no conflict in vessel arrival. However, if there is an overlap of vessels to berth the same days, the Terminal berths the vessel on first-come-first-serve basis for the NOR's issued to the Terminal once the vessel is at outer anchorage and ready in all aspects for berthing and handling. The Terminal does not accept any liability for demurrages for delay in berthing or handling of vessel.
7. The Terminal accepts the vessel ETA on the express condition that the cargo being handled is of a non-hazardous nature and is bituminous coal, not Lignite coal nor of such inferior quality coal that poses a risk of damage to the Terminal. If any coal cargo is found to be of the above specifications, then the Terminal will immediately cancel the berthing of the said vessel and desist from handling such cargoes, and any such ETA notifications sent to the Terminal will be deemed invalid.

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8. You are therefore informed, that w.e.f. July 1, 2020, PIBT will cease offering discounts to clients who have not entered into long term contracts. Needless to say, clients who are willing to enter into long term contracts along with volume commitments may be considered for discounts, purely on the basis of commercial negotiations. You are therefore requested to kindly contact your relationship officer in this regard at your earliest, in order to avail our scale of discounts, as applicable to your business volumes.
9. PIBT is the premier dry bulk cargo terminal in the country and part of the country's modern port infrastructure. It is, in fact, a national asset. We remain committed to our clients by keeping the Terminal operating on the best international standards and continue to provide our services round the clock to all our customers.
10. Please note that in the light of the judgment of the Honorable Supreme Court of Pakistan to regulate the handling of vessels, the SOPs are revised from time to time. All the port users are requested to please check our website for regular updates.
11. We assure you of our best services and look forward to your kind cooperation and support.

For and on behalf of PIBT

A handwritten signature in black ink, appearing to be a stylized name, is written over the text 'For and on behalf of PIBT'.