

## New Bunker Surcharge “OBS (ONE Bunker Surcharge)”

In 2020, the regulations governing the sulphur content of marine fuel oil, as exist under the International Maritime Organization (IMO) International Convention for the Prevention of Pollution from Ships (MARPOL), will be revised.

The aim of the revised MARPOL 2020 Global Sulphur limiting regulations is to deliver major health and environmental benefits for the world by drastically reducing the amount of sulphur oxide being emitted by ships.

Ocean Network Express (ONE) is fully aware of the environmental impact of our vessel emissions and in line with our ongoing commitment to operate an environmentally sustainable business model, we welcome the reduced sulphur limits and are ready to comply with the revised MARPOL regulations.

The revised IMO regulations will limit sulphur content in fuel oil to less than 0.5%, compared to the current limit of 3.5%. The new regulations & limits will come into effect from 1<sup>st</sup> January 2020 however preparatory adjustments in advance of the implementation date are necessary.

After exhaustive studies ONE has identified that adopting low-sulphur compliant hybrid oil (0.5% Sulphur content) is the most realistic and cost-efficient, short term solution, available in order to enable ONE to be compliant with the revised regulations by 1<sup>st</sup> January 2020. We are still also carefully considering other possible solutions such as EGCS (Exhaust Gas Cleaning Systems) and using LNG (Liquefied Natural Gas) as a fuel, which may be employed in the future.

In order to prepare for the new regulations, ONE has decided to implement a revised mechanism with effect from 1st January 2019. The new \*OBS (**ONE Bunker Surcharge**) is more appropriate to the revised cost scenario.

The new OBS will apply on all new contracts which commence on 1<sup>st</sup> January 2019 and to be valid till further notice. Existing contracts will still be subject to the previous BAF mechanism and remain so until the contract expires.

The pricing simulation below, based on the new OBS mechanism, is provided to help illustrate the new OBS approach;

### **New OBS = “Fuel Price x Trade wise Loading Factor x Trade imbalance”**

\*Fuel price will be calculated based on past 3 months average bunker price in key bunkering ports.

\*We are expecting to start bunkering hybrid oil (0.5% sulphur) from fourth quarter 2019 considering long round voyage, therefore the calculation will be changed based on hybrid oil(0.5% Sulphur) price from sometime in fourth quarter 2019 which will be to be advised.

(OBS Simulation Matrix)

Trade	Trade	Bound	OBS (DRY)					OBS (RFR)				
			20'					20'				
			USD / MT					USD / MT				
			\$500	\$550	\$600	\$650	\$700	\$500	\$550	\$600	\$650	\$700
Trans Pacific	Asia / US and Canada West Coast (Local)	EB	\$90	\$112	\$135	\$157	\$179	\$106	\$132	\$158	\$184	\$210
		WB	\$46	\$57	\$68	\$79	\$91	\$62	\$77	\$91	\$106	\$122
	Asia / US and Canada West Coast (IPI)	EB	\$230	\$252	\$275	\$297	\$319	\$246	\$272	\$298	\$324	\$350
		WB	\$46	\$57	\$68	\$79	\$91	\$62	\$77	\$91	\$106	\$122
	Asia / US and Canada East Coast (Local)	EB	\$150	\$186	\$222	\$258	\$294	\$188	\$233	\$278	\$323	\$368
		WB	\$72	\$89	\$106	\$124	\$141	\$110	\$136	\$162	\$189	\$215
Asia / Hawaii	EB	\$170	\$211	\$253	\$294	\$336	\$184	\$228	\$274	\$318	\$364	
	WB	\$120	\$149	\$179	\$208	\$237	\$134	\$166	\$200	\$232	\$265	
Trans Atlantic *2	North Europe / US and Canada East Coast	WB	\$113	\$138	\$164	\$189	\$214	\$132	\$162	\$192	\$221	\$251
		EB	\$99	\$72	\$85	\$99	\$112	\$78	\$96	\$113	\$131	\$149
	Mediterranean / US and Canada East Coast	WB	\$85	\$103	\$122	\$141	\$160	\$104	\$127	\$150	\$173	\$197
		EB	\$64	\$78	\$92	\$106	\$120	\$83	\$102	\$120	\$138	\$157
	North Europe / US and Canada West Coast	WB	\$193	\$237	\$282	\$326	\$371	\$221	\$271	\$322	\$373	\$424
		EB	\$142	\$175	\$208	\$241	\$274	\$170	\$209	\$248	\$288	\$327
Europe *2	Asia / North Europe	WB	\$125	\$153	\$180	\$208	\$236	\$168	\$206	\$242	\$280	\$317
		EB	\$100	\$122	\$144	\$166	\$188	\$143	\$175	\$206	\$238	\$269
	Intra Europe	SB/NB	\$28	\$48	\$68	\$88	\$108	\$32	\$55	\$77	\$100	\$123
	Asia / Mediterranean	WB	\$91	\$111	\$132	\$153	\$174	\$126	\$154	\$182	\$211	\$240
		EB	\$69	\$85	\$101	\$117	\$133	\$104	\$128	\$151	\$175	\$199
	Latin America	Asia / Latin West Coast	EB	\$102	\$132	\$162	\$192	\$223	\$126	\$163	\$200	\$237
WB			\$86	\$112	\$138	\$163	\$189	\$110	\$143	\$176	\$208	\$241
Asia / Latin East Coast		WB	\$154	\$190	\$225	\$261	\$296	\$194	\$239	\$283	\$328	\$372
		EB	\$108	\$133	\$158	\$183	\$208	\$148	\$182	\$216	\$250	\$284
Latin West coast / North America		SB	\$57	\$77	\$98	\$118	\$139	\$66	\$90	\$114	\$138	\$162
		NB	\$36	\$49	\$62	\$75	\$88	\$45	\$62	\$78	\$95	\$111
Intra Latin West		SB/NB	\$43	\$58	\$74	\$89	\$105	\$52	\$71	\$90	\$109	\$128
		SB	\$131	\$161	\$191	\$221	\$251	\$159	\$195	\$231	\$268	\$304
Latin East / North America / Europe / Intra Latin East Coast*2		NB	\$101	\$125	\$148	\$171	\$195	\$129	\$159	\$188	\$218	\$248
		SB	\$39	\$48	\$57	\$66	\$75	\$67	\$82	\$97	\$113	\$128
Intra Latin Atlantic	NB	\$30	\$37	\$44	\$51	\$58	\$58	\$71	\$84	\$98	\$111	
	EB	\$93	\$115	\$137	\$158	\$180	\$113	\$139	\$166	\$191	\$218	
Africa	Asia / South Africa	WB	\$106	\$130	\$155	\$179	\$204	\$126	\$154	\$184	\$212	\$242
		EB	\$93	\$115	\$137	\$158	\$180	\$113	\$139	\$166	\$191	\$218
	Asia / East Africa	WB	\$96	\$118	\$141	\$163	\$185	\$116	\$142	\$170	\$196	\$223
		EB	\$109	\$135	\$160	\$185	\$210	\$129	\$159	\$189	\$218	\$248
	Asia / West Africa	WB	\$184	\$226	\$269	\$311	\$353	\$204	\$250	\$298	\$344	\$391
		EB	\$152	\$188	\$223	\$258	\$293	\$172	\$212	\$252	\$291	\$331
Europe / East and West Africa & Intra Africa *2	SB	\$76	\$92	\$108	\$124	\$140	\$116	\$140	\$165	\$189	\$214	
	NB	\$118	\$143	\$168	\$193	\$219	\$158	\$191	\$225	\$258	\$293	
	SB	\$384	\$408	\$431	\$455	\$478	\$469	\$501	\$533	\$565	\$597	
	NB	\$384	\$408	\$431	\$455	\$478	\$469	\$501	\$533	\$565	\$597	
Intra Asia	Intra East Asia	SB/NB	\$19	\$35	\$51	\$66	\$82	\$21	\$38	\$55	\$71	\$89
		WB	\$40	\$73	\$107	\$140	\$173	\$45	\$82	\$120	\$157	\$194
	(Middle East/Indian Sub Conti/Red Sea)	EB	\$9	\$16	\$24	\$31	\$39	\$14	\$25	\$37	\$48	\$60
Oceania	Asia / Oceania (Australia/New Zealand/South Pacific)	SB/NB	\$144	\$180	\$216	\$251	\$287	\$167	\$209	\$250	\$291	\$333

Trade	Trade	Bound	OBS(DRY)					OBS (RFR)				
			40'					40'				
			USD / MT					USD / MT				
			\$500	\$550	\$600	\$650	\$700	\$500	\$550	\$600	\$650	\$700
Trans Pacific	Asia / US and Canada West Coast (Local)	EB	\$180	\$224	\$270	\$314	\$358	\$212	\$264	\$316	\$368	\$420
		WB	\$92	\$114	\$136	\$158	\$182	\$124	\$154	\$182	\$212	\$244
	Asia / US and Canada West Coast (IPI) *1	EB	\$460	\$504	\$550	\$594	\$638	\$492	\$544	\$596	\$648	\$700
		WB	\$92	\$114	\$136	\$158	\$182	\$124	\$154	\$182	\$212	\$244
	Asia / US and Canada East Coast (Local)	EB	\$300	\$372	\$444	\$516	\$588	\$376	\$466	\$556	\$646	\$736
		WB	\$144	\$178	\$212	\$248	\$282	\$220	\$272	\$324	\$378	\$430
	Asia / Hawaii	EB	\$340	\$422	\$506	\$588	\$672	\$368	\$456	\$548	\$636	\$728
		WB	\$240	\$298	\$358	\$416	\$474	\$268	\$332	\$400	\$464	\$530
Trans Atlantic *2	North Europe / US and Canada East Coast	WB	\$226	\$276	\$328	\$378	\$428	\$264	\$324	\$384	\$442	\$502
		EB	\$118	\$144	\$170	\$198	\$224	\$156	\$192	\$226	\$262	\$298
	Mediterranean / US and Canada East Coast	WB	\$170	\$206	\$244	\$282	\$320	\$208	\$254	\$300	\$346	\$394
		EB	\$128	\$156	\$184	\$212	\$240	\$166	\$204	\$240	\$276	\$314
	North Europe / US and Canada West Coast	WB	\$386	\$474	\$564	\$652	\$742	\$442	\$542	\$644	\$746	\$848
		EB	\$284	\$350	\$416	\$482	\$548	\$340	\$418	\$496	\$576	\$654
Europe *2	Asia / North Europe	WB	\$290	\$306	\$360	\$416	\$472	\$336	\$412	\$484	\$560	\$634
		EB	\$200	\$244	\$288	\$332	\$376	\$286	\$330	\$412	\$476	\$538
	Intra Europe	SB/NB	\$96	\$96	\$136	\$176	\$216	\$64	\$110	\$154	\$200	\$246
	Asia / Mediterranean	WB	\$182	\$222	\$264	\$306	\$348	\$252	\$308	\$364	\$422	\$480
		EB	\$138	\$170	\$202	\$234	\$266	\$208	\$256	\$302	\$350	\$398
Latin America	Asia / Latin West Coast	EB	\$204	\$264	\$324	\$384	\$446	\$252	\$326	\$400	\$474	\$550
		WB	\$172	\$224	\$276	\$326	\$378	\$220	\$286	\$352	\$416	\$482
	Asia / Latin East Coast	WB	\$308	\$380	\$450	\$522	\$592	\$388	\$478	\$566	\$656	\$744
		EB	\$216	\$266	\$316	\$366	\$416	\$296	\$364	\$432	\$500	\$568
	Latin West coast / North America	SB	\$114	\$154	\$196	\$236	\$278	\$132	\$180	\$228	\$276	\$324
		NB	\$72	\$98	\$124	\$150	\$176	\$90	\$124	\$156	\$190	\$222
	Intra Latin West	SB/NB	\$86	\$116	\$148	\$178	\$210	\$104	\$142	\$180	\$218	\$256
		SB	\$262	\$322	\$382	\$442	\$502	\$318	\$390	\$462	\$536	\$608
	Latin East / North America / Europe / Intra Latin East Coast*2	NB	\$202	\$250	\$296	\$342	\$390	\$258	\$318	\$376	\$436	\$496
		SB	\$78	\$96	\$114	\$132	\$150	\$134	\$164	\$194	\$226	\$256
	Intra Latin Atlantic	NB	\$60	\$74	\$88	\$102	\$116	\$116	\$142	\$168	\$196	\$222
EB		\$186	\$230	\$274	\$316	\$360	\$226	\$278	\$332	\$382	\$436	
Africa	Asia / South Africa	WB	\$212	\$260	\$310	\$358	\$408	\$252	\$308	\$368	\$424	\$484
		EB	\$186	\$230	\$274	\$316	\$360	\$226	\$278	\$332	\$382	\$436
	Asia / East Africa	WB	\$192	\$236	\$282	\$326	\$370	\$232	\$284	\$340	\$392	\$446
		EB	\$218	\$270	\$320	\$370	\$420	\$258	\$318	\$378	\$436	\$496
	Asia / West Africa	WB	\$368	\$452	\$538	\$622	\$706	\$408	\$500	\$596	\$688	\$782
		EB	\$304	\$376	\$446	\$516	\$586	\$344	\$424	\$504	\$582	\$662
	Europe / East and West Africa & Intra Africa *2	SB	\$192	\$184	\$216	\$248	\$280	\$232	\$280	\$330	\$378	\$428
		NB	\$236	\$286	\$336	\$386	\$438	\$316	\$382	\$450	\$516	\$586
	Europe / South Africa *2	SB	\$768	\$816	\$862	\$910	\$956	\$938	\$1,002	\$1,066	\$1,130	\$1,194
		NB	\$768	\$816	\$862	\$910	\$956	\$938	\$1,002	\$1,066	\$1,130	\$1,194
	Intra Asia	Intra East Asia	SB/NB	\$38	\$70	\$102	\$132	\$164	\$42	\$76	\$110	\$142
East Asia / West Asia (Middle East/Indian Sub Conti/Red Sea)		WB	\$80	\$146	\$214	\$280	\$346	\$90	\$164	\$240	\$314	\$388
		EB	\$18	\$32	\$48	\$62	\$78	\$28	\$50	\$74	\$96	\$120
Oceania	Asia / Oceania (Australia/New Zealand/South Pacific)	SB/NB	\$288	\$360	\$432	\$502	\$574	\$334	\$418	\$500	\$582	\$666

\*Above matrix is just for reference, actual OBS quantum shall be calculated by \$1/MT based on past 3 months average bunker price.

\*1) IPI quantum is calculated by Asia / US and Canada West Coast (Local) quantum + IPI factor which is based on latest 13wks average of U.S. On-Highway Diesel Fuel Price index. IPI quantum will be sub to change.

\*2) For Europe related trade, please visit our website for related Basic Ocean Freight rates, Bunker related charges(BAF), Low Sulphur Surcharge (ECA), THC (origin or destination), Peak Season Surcharges (if applicable) and Security related charges which are accessible at:

- <https://eua.one-line.com/standard-page/eua-local-surcharges>
- <https://eua.one-line.com/standard-page/europe-fak-ocean-tariff>
- [https://ecommm.one-line.com/ecom/CUP\\_HOM\\_3116.do](https://ecommm.one-line.com/ecom/CUP_HOM_3116.do)

Other charges such as local charges and contingency charges may apply

Should you have any questions relating to this matter, please contact your nearest ONE representative for further information.

Sincerely,  
Ocean Network Express Pte. Ltd.