

## 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  | 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 | \$127     | \$158 | \$190 | \$221 | \$251 |
|  |  | WB                      | \$46     | \$57  | \$68  | \$79  | \$91  | \$83      | \$103 | \$123 | \$143 | \$163 |
|  | Asia / US and Canada West Coast (IPI)                        | EB                      | \$230    | \$252 | \$275 | \$297 | \$319 | \$267     | \$298 | \$330 | \$361 | \$391 |
|  | *1   | WB                      | \$46     | \$57  | \$68  | \$79  | \$91  | \$83      | \$103 | \$123 | \$143 | \$163 |
|  | Asia / US and Canada East Coast (Local)                      | EB                      | \$150    | \$186 | \$222 | \$258 | \$294 | \$238     | \$295 | \$352 | \$409 | \$466 |
|  |  | WB                      | \$72     | \$89  | \$106 | \$124 | \$141 | \$160     | \$198 | \$236 | \$275 | \$313 |
| Asia / Hawaii  | EB   | \$170                   | \$211    | \$253 | \$294 | \$336 | \$202 | \$251     | \$301 | \$350 | \$400 |       |
|  | WB   | \$120                   | \$149    | \$179 | \$208 | \$237 | \$152 | \$189     | \$227 | \$264 | \$301 |       |
| Trans Atlantic *2  | North Europe / US and Canada East Coast                      | WB                      | \$113    | \$138 | \$164 | \$189 | \$214 | \$160     | \$196 | \$232 | \$268 | \$304 |
|  |  | EB                      | \$59     | \$72  | \$85  | \$99  | \$112 | \$106     | \$130 | \$153 | \$178 | \$202 |
|  | Mediterranean / US and Canada East Coast                     | WB                      | \$85     | \$103 | \$122 | \$141 | \$160 | \$133     | \$161 | \$191 | \$220 | \$250 |
|  |  | EB                      | \$64     | \$78  | \$92  | \$106 | \$120 | \$112     | \$136 | \$161 | \$185 | \$210 |
|  | North Europe / US and Canada West Coast                      | WB                      | \$193    | \$237 | \$282 | \$326 | \$371 | \$273     | \$335 | \$399 | \$461 | \$525 |
|  |  | EB                      | \$142    | \$175 | \$208 | \$241 | \$274 | \$222     | \$273 | \$325 | \$376 | \$428 |
| Europe *2  | Asia / North Europe  | WB                      | \$125    | \$153 | \$180 | \$208 | \$236 | \$225     | \$275 | \$324 | \$375 | \$425 |
|  |  | EB                      | \$100    | \$122 | \$144 | \$166 | \$188 | \$200     | \$244 | \$288 | \$333 | \$377 |
|  | Intra Europe   | SB/NB                   | \$28     | \$48  | \$68  | \$88  | \$108 | \$32      | \$55  | \$77  | \$100 | \$123 |
|  | Asia / Mediterranean   | WB                      | \$91     | \$111 | \$132 | \$153 | \$174 | \$171     | \$210 | \$249 | \$289 | \$328 |
|  |  | EB                      | \$69     | \$85  | \$101 | \$117 | \$133 | \$149     | \$184 | \$218 | \$253 | \$287 |
|  | Latin America  | Asia / Latin West Coast | EB       | \$102 | \$132 | \$162 | \$192 | \$223     | \$173 | \$224 | \$275 | \$326 |
|  |  | WB                      | \$86     | \$112 | \$138 | \$163 | \$189 | \$157     | \$204 | \$251 | \$297 | \$344 |
| Asia / Latin East Coast                                      |  | WB                      | \$154    | \$190 | \$225 | \$261 | \$296 | \$246     | \$303 | \$359 | \$416 | \$472 |
|  |  | EB                      | \$108    | \$133 | \$158 | \$183 | \$208 | \$200     | \$246 | \$292 | \$338 | \$384 |
| Latin West coast / North America                             |  | SB                      | \$57     | \$77  | \$98  | \$118 | \$139 | \$80      | \$109 | \$138 | \$167 | \$196 |
|  |  | NB                      | \$36     | \$49  | \$62  | \$75  | \$88  | \$59      | \$81  | \$102 | \$124 | \$145 |
| Intra Latin West   |  | SB/NB                   | \$43     | \$58  | \$74  | \$89  | \$105 | \$66      | \$90  | \$114 | \$138 | \$162 |
| Latin East / North America / Europe / Intra Latin East Coast |  | SB                      | \$131    | \$161 | \$191 | \$221 | \$251 | \$195     | \$240 | \$285 | \$330 | \$374 |
|  |  | NB                      | \$101    | \$125 | \$148 | \$171 | \$195 | \$165     | \$204 | \$242 | \$280 | \$318 |
| Intra Latin Atlantic   |  | SB                      | \$39     | \$48  | \$57  | \$66  | \$75  | \$103     | \$127 | \$151 | \$175 | \$198 |
|  | NB   | \$30                    | \$37     | \$44  | \$51  | \$58  | \$94  | \$116     | \$138 | \$160 | \$181 |       |
| Africa   | Asia / South Africa  | WB                      | \$106    | \$130 | \$155 | \$179 | \$204 | \$152     | \$186 | \$222 | \$257 | \$292 |
|  |  | EB                      | \$93     | \$115 | \$137 | \$158 | \$180 | \$139     | \$171 | \$204 | \$236 | \$268 |
|  | Asia / East Africa   | WB                      | \$96     | \$118 | \$141 | \$163 | \$185 | \$142     | \$174 | \$208 | \$241 | \$273 |
|  |  | EB                      | \$109    | \$135 | \$160 | \$185 | \$210 | \$155     | \$191 | \$227 | \$263 | \$298 |
|  | Asia / West Africa   | WB                      | \$184    | \$226 | \$269 | \$311 | \$353 | \$230     | \$282 | \$336 | \$389 | \$441 |
|  |  | EB                      | \$152    | \$188 | \$223 | \$258 | \$293 | \$198     | \$244 | \$290 | \$336 | \$381 |
|  | 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 |
|  | Europe / South Africa  | SB                      | \$384    | \$408 | \$431 | \$455 | \$478 | \$469     | \$501 | \$533 | \$565 | \$597 |
|  | *2   | NB                      | \$384    | \$408 | \$431 | \$455 | \$478 | \$469     | \$501 | \$533 | \$565 | \$597 |
| Intra Asia   | Intra East Asia  | SB/NB                   | \$19     | \$35  | \$51  | \$66  | \$82  | \$25      | \$47  | \$68  | \$88  | \$109 |
|  | East Asia / West Asia (Middle East/Indian Sub Conti/Red Sea) | WB                      | \$40     | \$73  | \$107 | \$140 | \$173 | \$51      | \$94  | \$137 | \$180 | \$222 |
|  |  | EB                      | \$9      | \$16  | \$24  | \$31  | \$39  | \$20      | \$37  | \$54  | \$71  | \$88  |
| Oceania  | Asia / Oceania (Australia/New Zealand/South Pacific)         | SB/NB                   | \$144    | \$180 | \$216 | \$251 | \$287 | \$193     | \$241 | \$289 | \$336 | \$385 |

| 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     | \$254 | \$316   | \$380   | \$442   | \$502   |
|                   |  | WB       | \$92  | \$114 | \$136 | \$158 | \$182     | \$166 | \$206   | \$246   | \$286   | \$326   |
|                   | Asia / US and Canada West Coast (IPI)                        | EB       | \$460 | \$504 | \$550 | \$594 | \$638     | \$534 | \$596   | \$660   | \$722   | \$782   |
|                   | *1   | WB       | \$92  | \$114 | \$136 | \$158 | \$182     | \$166 | \$206   | \$246   | \$286   | \$326   |
|                   | Asia / US and Canada East Coast (Local)                      | EB       | \$300 | \$372 | \$444 | \$516 | \$588     | \$476 | \$590   | \$704   | \$818   | \$932   |
|                   |  | WB       | \$144 | \$178 | \$212 | \$248 | \$282     | \$320 | \$396   | \$472   | \$550   | \$626   |
| Trans Atlantic *2 | North Europe / US and Canada East Coast                      | WB       | \$226 | \$276 | \$328 | \$378 | \$428     | \$320 | \$392   | \$464   | \$536   | \$608   |
|                   |  | EB       | \$118 | \$144 | \$170 | \$198 | \$224     | \$212 | \$260   | \$306   | \$356   | \$404   |
|                   | Mediterranean / US and Canada East Coast                     | WB       | \$170 | \$206 | \$244 | \$282 | \$320     | \$266 | \$322   | \$382   | \$440   | \$500   |
|                   |  | EB       | \$128 | \$156 | \$184 | \$212 | \$240     | \$224 | \$272   | \$322   | \$370   | \$420   |
| Europe *2         | North Europe / US and Canada West Coast                      | WB       | \$386 | \$474 | \$564 | \$652 | \$742     | \$546 | \$670   | \$798   | \$922   | \$1,050 |
|                   |  | EB       | \$284 | \$350 | \$416 | \$482 | \$548     | \$444 | \$546   | \$650   | \$752   | \$856   |
|                   | Asia / North Europe  | WB       | \$250 | \$306 | \$360 | \$416 | \$472     | \$450 | \$550   | \$648   | \$750   | \$850   |
|                   |  | EB       | \$200 | \$244 | \$288 | \$332 | \$376     | \$400 | \$488   | \$576   | \$666   | \$754   |
| Latin America     | Intra Europe   | SB/NB    | \$56  | \$96  | \$136 | \$176 | \$216     | \$64  | \$110   | \$154   | \$200   | \$246   |
|                   | Asia / Mediterranean   | WB       | \$182 | \$222 | \$264 | \$306 | \$348     | \$342 | \$420   | \$498   | \$578   | \$656   |
|                   |  | EB       | \$138 | \$170 | \$202 | \$234 | \$266     | \$298 | \$368   | \$436   | \$506   | \$574   |
|                   | Asia / Latin West Coast                                      | EB       | \$204 | \$264 | \$324 | \$384 | \$446     | \$346 | \$448   | \$550   | \$652   | \$756   |
|                   |  | WB       | \$172 | \$224 | \$276 | \$326 | \$378     | \$314 | \$408   | \$502   | \$594   | \$688   |
|                   | Asia / Latin East Coast                                      | WB       | \$308 | \$380 | \$450 | \$522 | \$592     | \$492 | \$606   | \$718   | \$832   | \$944   |
| Africa            |  | EB       | \$216 | \$266 | \$316 | \$366 | \$416     | \$400 | \$492   | \$584   | \$676   | \$768   |
|                   | Latin West coast / North America                             | SB       | \$114 | \$154 | \$196 | \$236 | \$278     | \$160 | \$218   | \$276   | \$334   | \$392   |
|                   |  | NB       | \$72  | \$98  | \$124 | \$150 | \$176     | \$118 | \$162   | \$204   | \$248   | \$290   |
|                   | Intra Latin West   | SB/NB    | \$86  | \$116 | \$148 | \$178 | \$210     | \$132 | \$180   | \$228   | \$276   | \$324   |
|                   | Latin East / North America / Europe / Intra Latin East Coast | SB       | \$262 | \$322 | \$382 | \$442 | \$502     | \$390 | \$480   | \$570   | \$660   | \$748   |
|                   |  | NB       | \$202 | \$250 | \$296 | \$342 | \$390     | \$330 | \$408   | \$484   | \$560   | \$636   |
|                   | Intra Latin Atlantic   | SB       | \$78  | \$96  | \$114 | \$132 | \$150     | \$206 | \$254   | \$302   | \$350   | \$396   |
|                   |  | NB       | \$60  | \$74  | \$88  | \$102 | \$116     | \$188 | \$232   | \$276   | \$320   | \$362   |
| Intra Asia        | Asia / South Africa  | WB       | \$212 | \$260 | \$310 | \$358 | \$408     | \$304 | \$372   | \$444   | \$514   | \$584   |
|                   |  | EB       | \$186 | \$230 | \$274 | \$316 | \$360     | \$278 | \$342   | \$408   | \$472   | \$536   |
|                   | Asia / East Africa   | WB       | \$192 | \$236 | \$282 | \$326 | \$370     | \$284 | \$348   | \$416   | \$482   | \$546   |
|                   |  | EB       | \$218 | \$270 | \$320 | \$370 | \$420     | \$310 | \$382   | \$454   | \$526   | \$596   |
|                   | Asia / West Africa   | WB       | \$368 | \$452 | \$538 | \$622 | \$706     | \$460 | \$564   | \$672   | \$778   | \$882   |
|                   |  | EB       | \$304 | \$376 | \$446 | \$516 | \$586     | \$396 | \$488   | \$580   | \$672   | \$762   |
|                   | Europe / East and West Africa & Intra Africa *2              | SB       | \$152 | \$184 | \$216 | \$248 | \$280     | \$232 | \$280   | \$330   | \$378   | \$428   |
|                   |  | NB       | \$236 | \$286 | \$336 | \$386 | \$438     | \$316 | \$382   | \$450   | \$516   | \$586   |
| Oceania           | 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 East Asia  | SB/NB    | \$38  | \$70  | \$102 | \$132 | \$164     | \$50  | \$94    | \$136   | \$176   | \$218   |
|                   | East Asia / West Asia (Middle East/Indian Sub Conti/Red Sea) | WB       | \$80  | \$146 | \$214 | \$280 | \$346     | \$102 | \$188   | \$274   | \$360   | \$444   |
|                   | EB   | \$18     | \$32  | \$48  | \$62  | \$78  | \$40      | \$74  | \$108   | \$142   | \$176   |         |

\*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://ecomm.one-line.com/ecom/CUP\\_HOM\\_3116.do](https://ecomm.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.