

ONE Initiatives

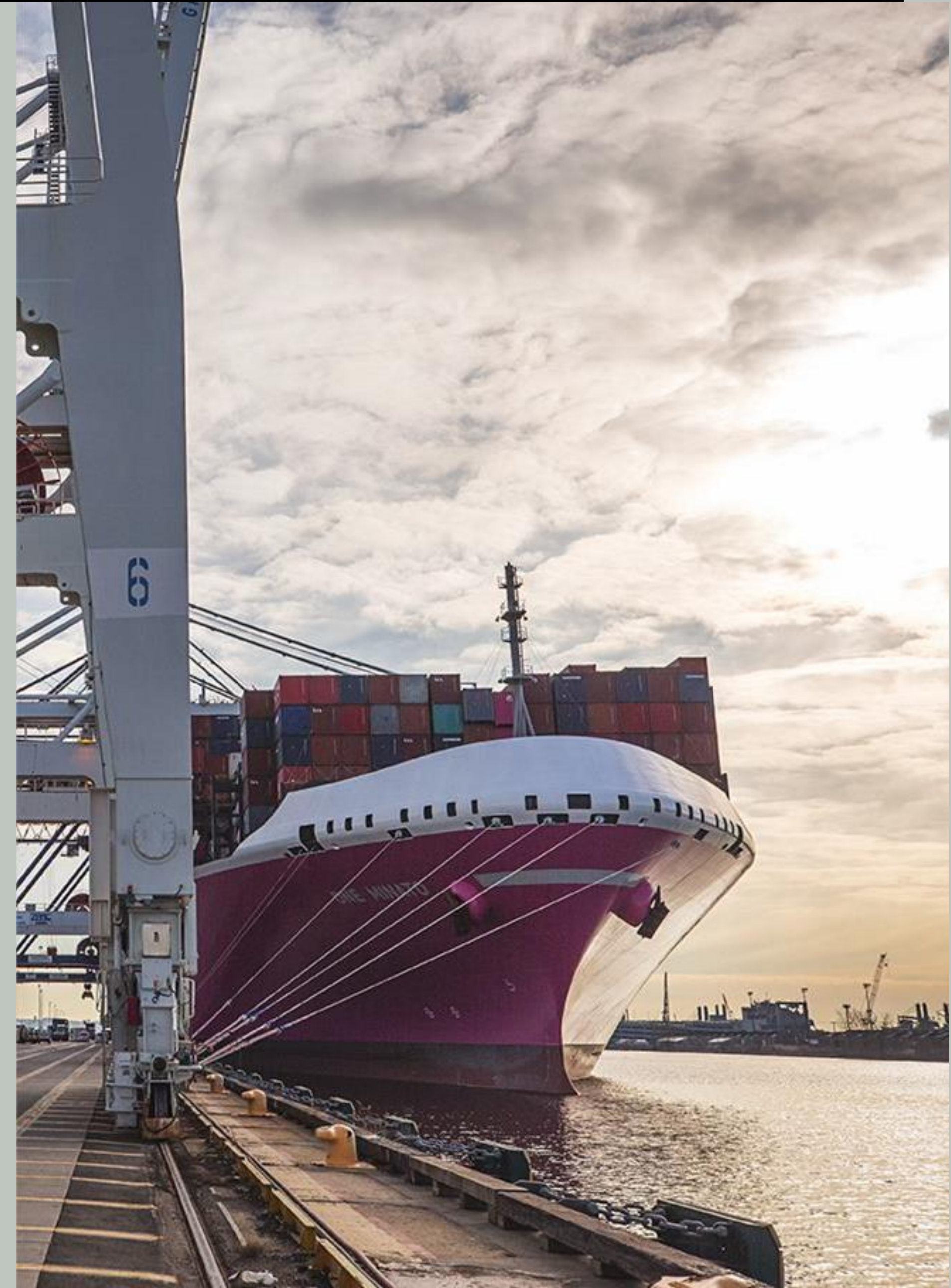
Q1 FY21

ONE
OCEAN NETWORK EXPRESS

July 30th, 2021



- 1. CEO MESSAGE**
- 2. ONE's COUNTERMEASURES**





Jeremy Nixon
Chief Executive Officer

Pandemic and Global Supply Chains

The global economy continues to experience a strong economic recovery compared with 2020. Demand has accelerated due to the overall weaker expenditure in the service sector leading to an increased share of wallet expenditure on consumer hardware, home, healthcare and retail products. Government fiscal stimulus remained strong with an increased focus on eCommerce led leading to a higher inventory demand overall. "Inventory to Sales" ratios generally remain low in historical terms. On the supply side, carriers and customers have been capacity constrained by operational bottlenecks in the ports, warehouses and inland domestic distribution networks.

Enforced Blank Sailings

The back up on the landside operations has led to higher waiting times for vessels and equipment in the ports, which has seriously disrupted fixed schedules for carriers and customers alike, e.g. loop services originally designed for five week round trips on the Pacific are now taking six or seven weeks. This has led to "forced blankings" when there are no spare ships to fill the subsequent "schedule gaps". Additionally, the recent closures of the Suez canal and Yantian port created further bottlenecks and system stress. Shortages of container equipment remains an ongoing industry issue as delays lead to further tighter inventory cover. This quarter both vessel charter rates and container equipment new build and lease costs have hit unprecedented high levels. In the meantime, ONE is doing all that it can to minimise the schedule disruption impact to its customers where possible.

How long will it last ?

The overall answer is linked to global progress on bringing the Covid pandemic fully under control. There are still risks ahead due to the overall low vaccination levels in many countries, which can lead to sudden changes in labour availability and operational conditions. The industry overall has deployed every spare vessel and container, and the order book for new tonnage this year has sharply picked up for 2023/4 delivery. Ultimately demand and supply will come back into balance but we remain conservative in trying to predict when this may or may not happen.



Accelerating Digitalization

ONE's "Root" projects and "Squad" teams continue to make good progress in enhancing our global digital and data management capabilities. Enhanced standardisation and efficiency, as well as expanding our AI and machine learning abilities continue to progress. ONE is also in the process of further enhancing its eCommerce offerings, as well as rolling out a new integrated CRM system for all our front line commercial and customer serving staff. This will provide a more integrated and seamless customer servicing capability.

Sustainability and Decarbonization

Recently we set up ONE's "Green Strategy" team, and became a founding member of the Global Maritime Decarbonization Centre in Singapore. The IMO is still finalising its latest environmental regulations in the lead up to COP 26 in November. Both ONE and the WSC remain closely focused on the need to reduce the industry's carbon intensity in both the short and the long term.

Protecting the Industry's Seafarers

Concern continues over the challenging conditions surrounding crew welfare in light of additional pandemic restrictions being imposed, and greater difficulties in planning and actioning international crew changes. ONE is a member and active participant of the "Neptune Declaration" charter, and is also working closely with ONE ship managers to ensure that our crew are timely and safely repatriated within the terms of their original contract terms.

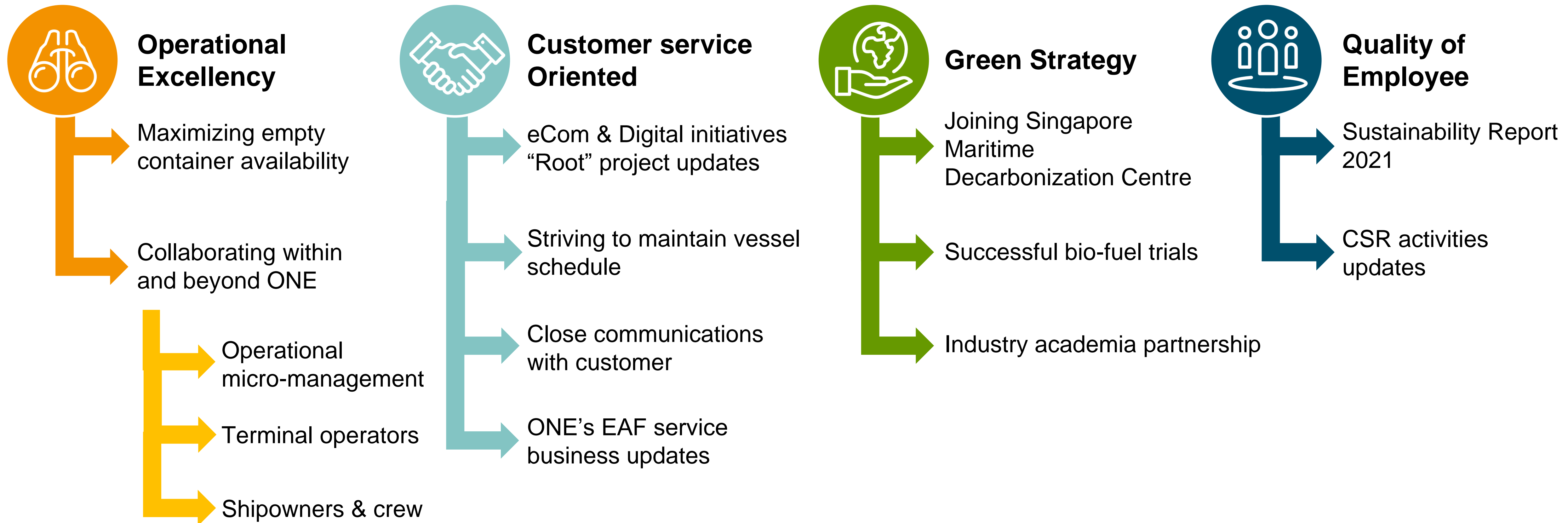
The Next Quarter

ONE's staff remain motivated and focused on the job at hand, and continue to overcome the multiple operational challenges keeping ONE's customer supply chains functioning as effectively as possible. We can likely expect further uncertainty ahead, but we will continue to try and respond to such difficulties as quickly as possible.

AS ONE WE CAN !

2. ONE's COUNTERMEASURES

ONE continues to accelerate global decarbonisation efforts under the 'Green Strategy' initiative and progress is attained with the successful second trial use of sustainable biofuel. Enhancing ONE's operational edge, the new Asia-East Africa service was launched to expand the network, increasing connectivity to meet global demands. Customer experience is always top priority, and at ONE, innovation is applied to introduce new eCommerce functions to enhance overall user satisfaction.





Operational Excellency

Maximizing empty container availability

ONE has faced additional unforeseeable incidents that further challenged the container inventory pipeline, but ONE's extraordinary global coordination and management has continued to put ONE's box supply ability among the best in the industry.

Empty container repositioning

ONE has maintained the goal of maximizing empty repositioning back to demand areas by all means and against all odds.

Empty container procurement

ONE's forward-looking container box procurement strategy has carried on with great effort. This, coupled with aggressive empty repositioning, has significantly reinforced ONE's overall empty container availability across demand areas, helping fend off various external disruptions to the operational pipeline. In May, another 27,500 new reefer units were added (including 850 units equipped with advanced Controlled Atmosphere (CA) technology) to meet growing global demand.

Collaborating within and beyond ONE

Operational micro-management

ONE has been presented with a much more challenging operational situation globally during these three months than before. While managing to contain the continued fallout from the recent Suez Canal blockage incident, ONE faced a sudden heavy congestion in South China, caused by a local resurgence of Covid-19 cases in Yantian, which quickly created a ripple effect to other ports. Nonetheless, ONE's Operations team stayed vigilant and well orchestrated. They managed to persistently minimize the external impact and maximize ONE's global service integrity. In preparation for a new normal under the pandemic, ONE has transformed the Covid-19 Contingency Working Group into Business Collaborative Council for better internal coordination.

Terminal operators

ONE, through the Terminal Partnership program, has further contributed to global team efforts to counter port congestions in various locations. For instance, teams had constant meetings with concerned terminal operators to make optimal operations arrangements. In the near term, ONE plans to include more terminals in Asia and Europe into the TPP.

Shipowners & crew

Given the resurgence of Covid-19 cases in many areas, particularly in Asia, ONE have endured more frequent changes in crew change restrictions/policies in this quarter. Despite all those challenges, ONE continued to work closely with shipowners to cope with crew change policy volatility. As a result, crew change arrangements have increased by another 30% compared to last quarter.



Customer service oriented (1/2)

eCom & Digital initiatives “Root” project updates

ONE continues to focus on enhancing & providing an excellent customer experience through the digitalization of their processes. With the recent launch of ONE Quote, ONE Mobile and ePayment, ONE's end to end solution was further enabled to streamline Pre-booking, Booking and Post-booking processes with improved features to increase efficiency and meet customers' evolving needs. With the introduction of the ONE Mobile app, the tools that customers are using on the eCommerce platform are now at their fingertips, enabling their shipping experience to be even more flexible and convenient.

Close communications with customer

In spite of the ongoing challenges, ONE's key objective was to ensure timely & accurate customer communications. Taking actions from their customer engagement survey findings they initiated customer driven activities through virtual webinars and embarked on an initiative to hear the voices of customers in the eCommerce usage area to improve user experience. With the expansion of ONE's Live Chat service, the convenience of connecting and engaging with ONE's customer service was also enabled, providing customers with up to date information on their inquiries.

Striving to Maintain Vessel Schedule

Facing the inevitable vessel schedule delays caused by obstacles spanning across operational segments. Along with nimble vessel deployment and operational micro-management which included proactive vessel cascading and increasing vessel speeds, ONE is committed to offset any negative impact to vessel schedules. Additionally ONE continue to diligently search the charter market for additional hires.





Customer service oriented (2/2)

Great start on EAF service

ONE launched the new EAF service in April 2021 connecting China/South East Asia and East Africa (Kenya and Tanzania).

[Download Press Release](#) / [Service Map](#)

The service launch proved successful thanks to the great support of ONE's customers. The African market is a mid-term growth strategy for ONE and this new service launch is the first step.

Africa is our future

Following the launch of the EAF service, ONE increased their cargo to East Africa by 500%.

The majority of cargo comes from Central China, South China and other South East Asia clients.

Even under the ongoing COVID19 pandemic, Asia to Kenya/Tanzania market is steadily growing (7% growth YOY till May'21).

ONE believes it was the right timing to launch the EAF service in order to satisfy customers' demands and expectations.

Extension to inland destinations

As well as Mombasa CY and Dar Es Salaam CY delivery, ONE also started a Nairobi ICD delivery service since the launch of the EAF service.

The majority of Mombasa/Dar Es Salaam discharge cargo is usually on-carried to inland countries and cities as the final destinations. ONE plans to follow this up with a Kampala ICD delivery service (coming soon), which will widen the delivery options for customers.

NEW
East Africa Service
DIRECT CONNECTION FROM ASIA TO AFRICA

www.one-line.com



Green Strategy

Joining Singapore Maritime Decarbonization Centre

In Singapore, ONE joined the Maritime and Port Authority of Singapore-led Maritime Decarbonization Centre as one of its founding members this April. ONE are working very closely with partners including MPA Singapore to make this centre become fully fledged as soon as possible.



Successful bio-fuel trials

In Europe, the second successful bio-fuel trial was completed on the AL5 service which connects Canada, the United States and Europe. This duo has enabled ONE to gain direct experience of using bio-fuel, which will pave the way for further exploration of this potential alternative fuel, taking into account both its benefits and drawbacks.



Industry academia partnership

Having defied the communications obstacles imposed by the ongoing Covid-19 pandemic, ONE has formed its first industry academia partnership with Rutgers Business School of Rutgers University to address carbon footprint reduction together. This not only has enriched ONE's global eco-system, but will prove an invaluable experience to Rutgers students when they return to campus and their physical learning in the fall, after the lockdown has disrupted their academic calendar.





Quality of employee (CSR)

SUSTAINABILITY REPORT 2021

To be sustainable and resilient and a trusted partner for our customers in delivering global shipping solutions.

Further development of the 4 pillars of Environment, Social and Governance (ESG) and Operational Excellence.

Select 4 relevant Sustainable Development Goals

Commitment to achieve better world and 17 goals as a gold member of UNGC Singapore.

FIRM ACTIONS

Introduce case studies to demonstrate ONE's real actions of their sustainability vision.

CONTINUOUS Key Performance Indicators (KPI)s

COVID-19 epidemic and global turmoil continues, however we stand firmly, continuing KPIs and PDCA cycle

[Download Sustainability Report 2021](#)



457 employees participated in CSR activities globally during FY2021 Q1

Examples of our Activities:

ONE HONG KONG – ONE volunteers taught children about maritime industry at Japanese Supplementary School

ONE India/Taiwan – Free transportation of Tank Container to address the Oxygen supply shortage hampering the fight against COVID-19

ON Brazil – Donation to NGO “Cenin” to support patients and families undergoing cancer treatment, and to ‘Coracao do Pai’ in Manaus city support to children in a high social risks.

ONE Indonesia – Donation to local Orphanage.



An aerial photograph of a large container ship, the ONE COMMITMENT, docked at a port. The ship is red and white, with the word "ONE" visible on its side. It is surrounded by numerous colorful shipping containers. In the background, a city is visible with its lights reflecting on the water, and a large mountain, likely Mount Fuji, rises in the distance under a twilight sky. The text "Thank you." is overlaid in white on the lower right portion of the image.

Thank you.

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