

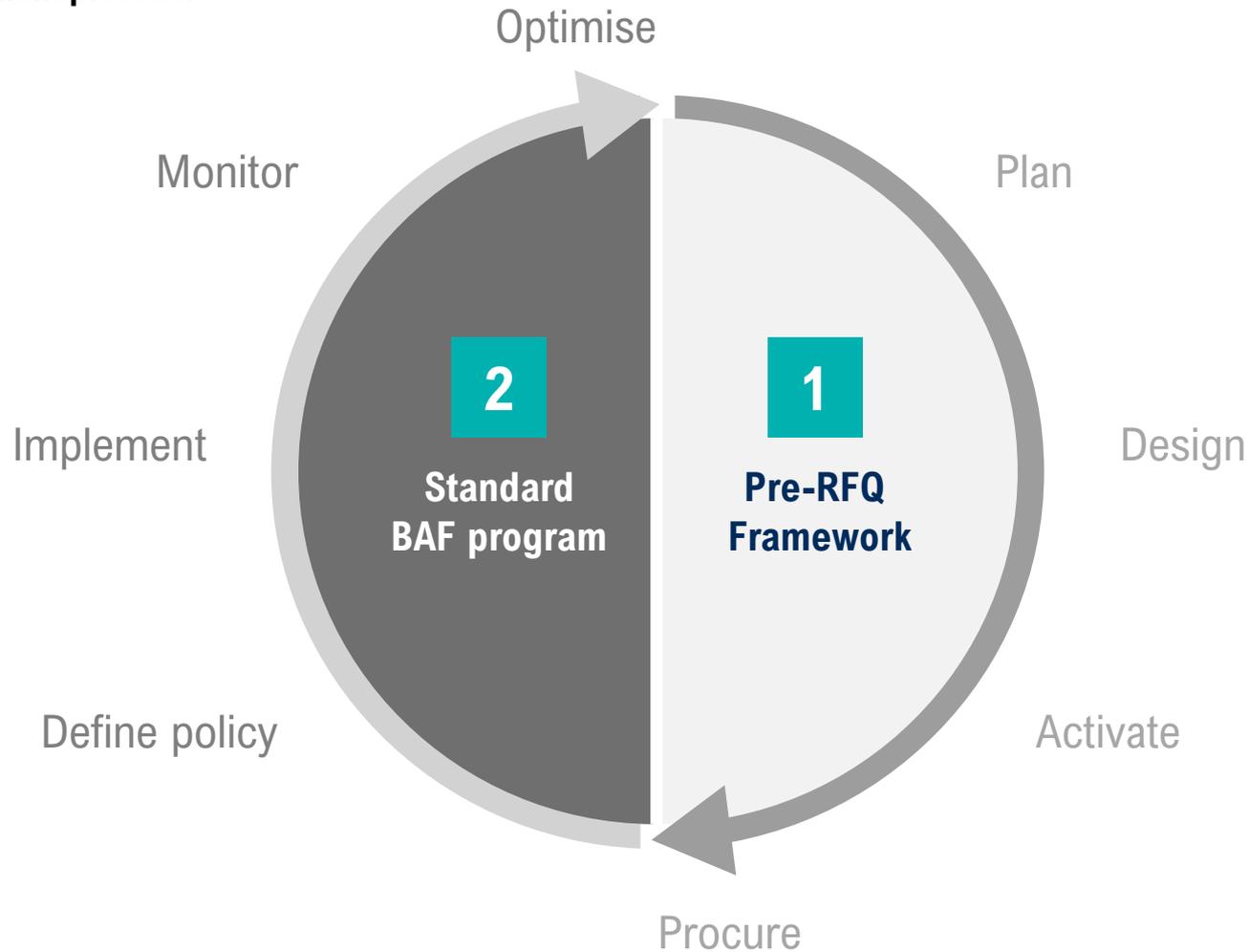
For better clarity and more control over your fuel charges

New fuel advisory and management services

Pre-RFQ and standard bunker implementation support services for shippers and forwarders

New fuel advisory and management services from Drewry

Part of our range of advisory services supporting shippers through every stage of the ocean freight procurement process.



We provide shippers and forwarders with services that help ensure a more robust pre-RFQ framework including a review of, and recommendations for the right technical metrics to use in the process. We provide:

- Up-to-date, independent and verified “**Drewry fuel trade factors**” by trade lane and by equipment type to determine fair and predictable changes in your **bunker adjustment factors** (BAFs) during the contract period, as bunker prices change.
- Calculations of specific **fuel trade factors** per alliance/carrier and per teu for your top 3 carrier loops, to guide discussions with your ocean carriers.
- Calculations of carrier **fuel consumption costs with scrubbers (including allowance for retrofit cost) and without scrubbers** for your top 3 carrier loops and per teu to understand the cost position of carriers.
- **Review** of your current standard bunker adjustment program and recommendations to improve review periods, lag time and trigger points, in line with **best practices** across the BCO sector.

For better clarity and more control over your fuel charges

Questions and concerns addressed....

Q... Are my **BAF baselines** and **trade factors** accurate?



Neutral fuel trade factors by trade lane, verified and calculated by Drewry, based on **detailed analysis of ship consumption***, and accepted by carriers.

Q... Is my **standard bunker program** up-to-date?



Latest best practices and latest model mechanism. Insight into how other large BCOs have adjusted their bunker programs.

Q... Is there a **cost difference** between **carrier bunker costs** for ships **with** and **without scrubbers**?



Expert **cost comparison**.

** NB Calculations are based on current average vessel sizes by trade route (eg much larger Asia-US East Coast ships post Panama Canal expansion) and current average or typical vessel speed by trade route.*

“Drewry was able to suggest...fuel consumption rate by trade lane, which independent indices to use as a fuel source; and a comparison of their calculated carrier cost vs the carrier published fuel surcharges. This resulted in 12 carrier contracts with a standardized Shipper’s fuel index across them all...”



2 Implementing a standard BAF program, applicable to all

Pre- and post-implementation support, data and processes

As part of our package of support we also offer data and access to proven processes to implement a “standard BAF program” - applicable to all your carriers.

Following implementation, ongoing calculations of your updated standard BAF charges are provided until the end of your contract.

- A clear bunker program policy document suitable to your company, to communicate to bidders.
- A written BAF update mechanism, including recommended reliable, independent bunker price sources / bunker fuel types acceptable to both shippers and carriers, to serve as an index to revise the contract BAFs and a recommended BAF adjustment schedule and recommended lead times to fit with your contract.
- Drewry fuel trade coefficients by lane and by equipment type to determine fair and predictable changes in your bunker adjustment factors during the contract period, as bunker prices change.
- Support to reply to questions raised by carriers at the time of/after sending the standard bunker program policy.
- Gathering of the fuel prices from the independent source, averaging them once a quarter, and calculation of the **revised BAF charges** by trade lane and by equipment type.
- Quarterly BAF tables for you to push to your carriers as contract amendments.
- Support to answer questions from carriers about the calculations.

2 Implementing a standard BAF program, applicable to all

Questions and concerns addressed....

Q..

How do I avoid the big discrepancies between the BAFs of different carriers and forwarders?



Advice, best practices and support to implement a standard BAF program.

Q..

What mechanism should my company use?



Latest best practices and latest model mechanism. Insight into how other large BCOs have adjusted their bunker programs.

Q..

How do I ensure that the BAF values are accepted by carriers/forwarders or bidders



Experience of successful implementation and adoption.

Q..

How do I better control the fuel part of my freight rates



Set fair, data-based fuel trade coefficients to determine your future indexed BAF charges.

Q..

How do I simplify carrier invoices and invoice auditing?



Implement a standard BAF program; all carriers invoice the same BAF for a given trade lane; lesser risk of errors.

Pre-RFQ and standard bunker program support

BENEFITS

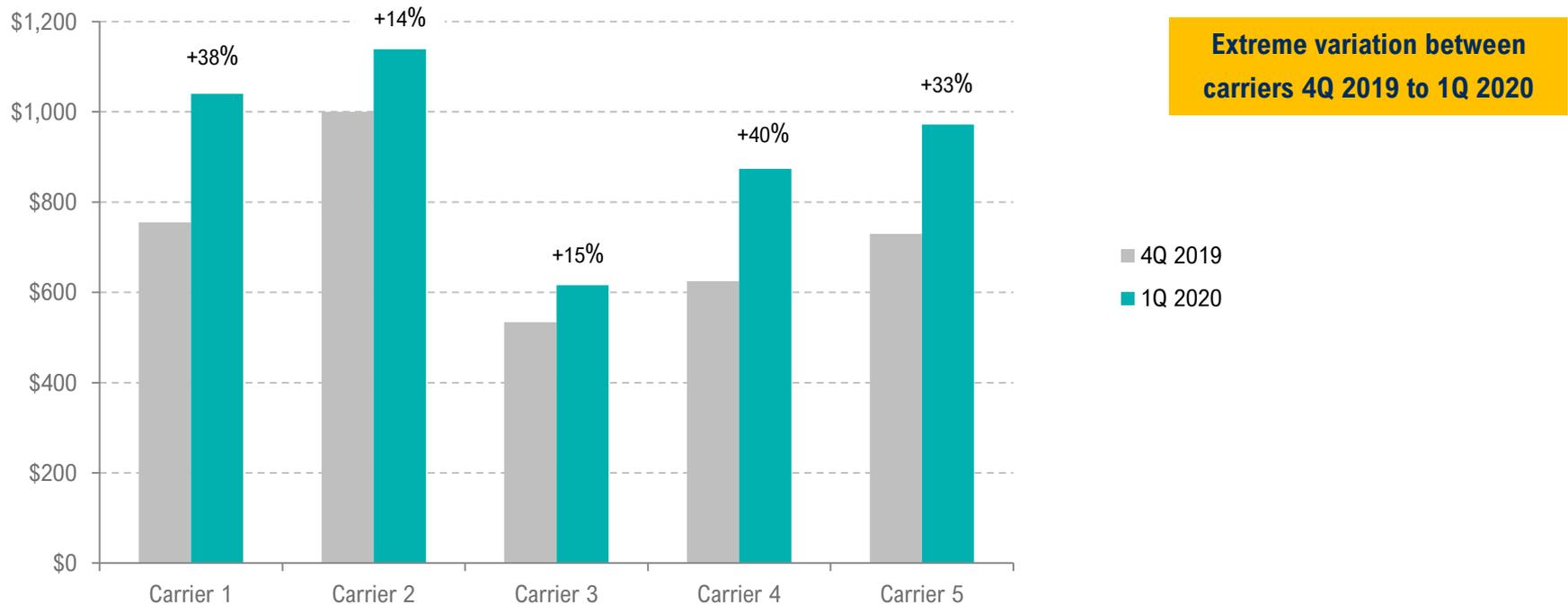
- ✓ No risk of excessive BAFs from some of your carriers
- ✓ Better control over the fuel portion of your freight rates
- ✓ Cost competitiveness of your BAFs
- ✓ Align your contractual practices with the best practices of large companies, where possible
- ✓ Simplification of carrier invoices and invoice auditing
- ✓ Have Drewry technical experts by your side to help you keep up with changes in environmental rules and ship propulsion practices which could raise freight rates in the future.

For better clarity and more control over your fuel charges

The benefits of applying a standard bunker adjustment

The fuel charges between different ocean carriers on the same tradelane can vary by a factor of 1 to 2, even though they use similar sizes of ships and often share the same ships.

Non-standard ocean carriers' BAFs per 40ft high-cube on Asia-to-US East Coast route



- On the Asia-to-US East Coast route, some of the carriers' BAFs increased by 40% in 1Q 2020, whereas other carriers' BAFs increased by just 15%, based on a sample of 5 carriers.

Customer references

Results-focused capabilities driven by customer need and informed by commercial best practice, market understanding and powered by real-time market intelligence:

“We used Drewry’s fuel consultancy service to help us establish our own shipper fuel surcharge in our ocean contracts, as well as to help us estimate the incremental cost impact of Low Sulphur Fuel to our supply chain.

Drewry was able to suggest things like: fuel consumption rate by trade lane; which independent indices to use as a fuel source; and a comparison of their calculated carrier cost vs the carrier published fuel surcharges. This resulted in 12 carrier contracts with a standardized Shipper’s fuel index across them all.

In addition, they used certain market assumptions to calculate fuel cost in a LSF compliant scenario for my top 10 lanes. This allowed me to budget annual incremental cost of LSF for 2020.

Drewry provided the market intelligence to take-on the complexities and uncertainty needed in BCO management of today’s marine fuel issues...”

International Transport Manager

Domtar Corporation, 100 Kingsley Park Drive, Fort Mill, SC 29715

Customer references

Results-focused capabilities driven by customer need and informed by commercial best practice, market understanding and powered by real-time market intelligence:

“Our partnership with Drewry equipped Office Depot with the necessary resources to customize a regular bunker management program of which we have successfully implemented across our carrier portfolio.

Our bunker program now drives further vendor accountability and consistency with all Office Depot carriers, mitigating cost exposure relative to fluctuations from carrier specific quarterly bunker rate revisions.

In addition to our fuel management program, membership of Drewry’s Benchmarking Club has made industry rate data and expertise readily accessible. We successfully leveraged access to such industry knowledge throughout our 2019 to 2020 ocean carrier contract negotiations...”

Senior Manager, Carrier Management

Office Depot, Inc

Drewry Benchmarking Club – exclusive to shippers/BCOs only

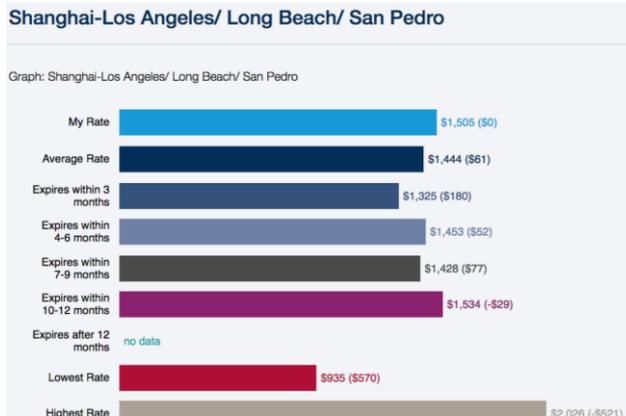
Drewry's Benchmarking Club provides members with the opportunity to confidentially benchmark their contract shipping costs against their peers – based on genuine, shipper-only, buy rate comparisons.

Drewry's Benchmarking Club in a nutshell:



- Confidentially benchmark contract container freight rates, routings, transit times and demurrage and detention arrangements
- Exclusive to shippers/BCOs (importers / exporters only)
- Real time access to rates
- Membership package includes access to spot market rates, freight rate forecasts and best practice forums
- Individually customised reports for each member
- Benchmarking contract BAFs every quarter on the major east/west routes.
- Interactive online system providing a variety of analysis views and reports

Detailed rate analysis



Historic rate analysis



Drewry Team



Philip Damas

Director

Head of Supply Chain Advisors, Drewry

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Background and areas of expertise

30 years of experience in the container shipping sector. Started his career in business analysis, contracts and cost control with CMA CGM and the shipping consortium Cobra. Then worked for American Shipper. Has worked as a consultant to BCOs and others with Drewry since 2005, now as head of Drewry Supply Chain Advisors.

Project experience

Project manager for major freight rate benchmarking and maritime strategy projects for Del Monte Philippines, Marks & Spencer and Solvay.

Set up Drewry's spot freight rate monitoring services.

Set up Drewry's carrier schedule reliability monitoring services.



Kartik Mahajan

Research Analyst

Supply Chain Advisors, Drewry

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Background and areas of expertise

Kartik Mahajan is a Research analyst with diverse experience of international supply chain management including international sourcing management, container freight sales and bulk shipping analysis. Prior to joining Drewry he has worked as a business analyst with the team responsible for implementing India's Port Community System (PCS) where he has worked with Ports, Terminal Operators, Transporters and yard owners to promote digitalisation among the stakeholders.

He is fellow of Narottam Morarjee Institute of Shipping and holds an MBA in International Transportation and Logistics. He has authored and published research papers on logistics policy in India.

Expertise and experience

Specialist in container freight market including spot and forwards market.

Understanding of Ocean fuels market

Hands on experience of 3P logistics management

Insight on Logistics and Port technology

Data Analysis and Management

Drewry Team



Cath Earl

Senior Consultant

Benchmarking and Ocean freight Procurement

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Background and areas of expertise

Prior to joining Drewry, Cath was at Eurobuyer Logistics, Global Seafreight and Global Sea Freight Contracts Manager at Heinz, the US multinational. She has obtained reductions in costs - rate savings through improved tender process and further consolidation of carrier base, efficiency improvements and completed operational reviews.

Project experience

Preparing, carrying out and managing the group's full e-tender of 1200 global routes and of preparing and negotiating contract agreements

Reduction of global ocean freight supplier base from 20 direct suppliers to one 4PL (freight forwarder)

Implemented standardized contracts, KPIs and processes across the NW Europe region for Logistics Providers. Contract negotiation and tenders.



Kelly Buckley

Associate

Benchmarking and Ocean freight Procurement

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Background and areas of expertise

15 years experience in the container sector. Kelly started her career at APL, working in operation control before taking on management roles in both Trade Pricing and Sales. Prior to joining Drewry, Kelly worked in a Trade Lane Management role for Panalpina.

Project experience

Managed NVO RFQ pricing, building key carrier relationships and aligning procurement of multiple internal business units.

Responsible for client relationships with leading ocean decision makers resulting in significant revenue growth.

Set pricing carrier strategy, including tender management, tariffs, contract management, trade regulation and optimisation of customer portfolio. Set pricing and established client base for roll out of services covering 2 new markets., KPIs and processes across the NW Europe region for Logistics Providers. Contract negotiation and tenders.

Developed and integrated logistics solutions & contracts for multiple sites after strategic acquisitions of several companies

Who we are

Drewry is the leading international provider of research and consulting services to the maritime and shipping industry with unrivalled experience and expertise across all market sectors from containers and ports to tankers and dry bulk.

From our origins in 1970 London to a 21st century maritime and shipping consultancy, **Drewry** has established itself as one of the most widely used and respected sources of impartial market insight and industry analysis. This in-depth understanding and objectivity provides our clients with the actionable advice and recommendations they need to achieve their ambitions and stay ahead of the market.

We provide our services through four business units: Drewry Maritime Advisors supporting the needs of shipping and financial institutions; **Drewry Supply Chain Advisors** providing seafreight procurement support to retailers and manufacturers; Drewry Maritime Research publishing market-leading research on every key maritime sector; and Drewry Maritime Equity Research delivering an Investment Research Service on listed companies operating in the industry.



Maritime Research

Maritime Advisors

Supply Chain Advisors

Maritime Financial Research

What we do

Rigorous analysis, practical advice

In boardrooms across the globe, decisions are made based on the analysis and insight provided by our Maritime Research teams. This rich industry knowledge and understanding provide the unique intelligence that underpins our advisory services.



RESEARCH



ADVISORY

Maritime Research

Independent, market-leading research on every key maritime sector

Maritime Financial Research

An Investment Research Service on listed companies operating in the industry

Maritime Advisors

Expert project-based advisory services to the shipping industry and financial institutions

Supply Chain Advisors

Ocean freight procurement support and cost benchmarking services to global retailers and manufacturers

A SPECIALIST THAT COMBINES **RICH MARKET INSIGHT** WITH **EXPERIENCE** AND **EXPERTISE**

What sets us apart

We are the primary source of market insight, analysis and advice trusted by a global audience of maritime and shipping industry stakeholders. Our combination of sector knowledge, rich market insight and commercial awareness enables us to deliver the performance, profitability and competitive advantage our clients seek.



Independence

Our voice is our own and is not defined by others

This impartiality, alongside our depth of market understanding has cemented our reputation as an indispensable reference, trusted by a diverse audience of shipping industry stakeholders.

Heritage

A trusted brand for more than 50 years

We have been charting and analysing the world's maritime markets for over 50 years, building unique resources and models our clients rely on to make informed decisions.

Market Insight

Rich insight – unrivalled market intelligence

Our understanding comes not only from being close to the sectors we serve but also from working with our clients and giving them a balanced, highly practical and commercial perspective.

Sector Expertise

Industry knowledge

We combine timely and relevant market analysis with specialist sector and technical expertise to deliver real commercial value and competitive advantage to our clients.



**For more information on our range of fuel advisory and management services
contact us at:**

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Maritime Research

Robust, objective market analysis and forecasts to inform business decisions

Market Sectors

Container Shipping
Ports and Terminals
Dry Bulk
Gas Shipping
Tanker Shipping
Specialised Shipping
Ship Management
Logistics Management
Intermodal Transport

Maritime Advisors

Bringing together the expertise, insight and resources clients need to achieve their commercial ambitions

Advisory Expertise

Market Analysis
Strategy and Planning
Market Entry Analysis
Operational Due Diligence
Technical Due Diligence
IPO Support

Supply Chain Advisors

Tools, resources and tailored advice to support every stage of the ocean freight procurement process

Advisory Expertise

Ocean Freight Cost Benchmarking
Ocean Freight Procurement Support
Network Design and Optimisation
Commercial Due Diligence
Hinterland Logistics Analysis

Maritime Financial Research

A truly independent investment research and advisory service on companies operating within the maritime industry

Market Sectors

Container Shipping
Container Manufacturing
Ports and Terminals
Dry Bulk
Gas Shipping
Tanker Shipping

Advisory Expertise

Credit Analysis
Bond Analysis

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