



Mar 30, 2020

Customer Advisory COVID-19: Global Update

Dear Customers,

Please find enclosed the most recent edition of the COVID-19 global customer advisory update (issued twice a week), targeted to give you guidance and orientation. Your account team is continuously updated about the evolving situation and our solutions on how to react to it. Please continue to be engaged with your Account Managers on your latest plans, prices, and projections. They will invest the utmost effort to support your business.

Global Market Updates:

1. Air Freight

Global

(Mar 30, 2020) - The COVID-19 situation has led to a lot of uncertainty in the airfreight market throughout the last couple of weeks due to a highly dynamic situation with many changes. With a decrease in supply due to passenger aircraft groundings of airlines we now see an increase in demand in major markets to ensure supply chain disruptions are being mitigated. Especially outbound China demand is increasing, leading to increasing upward pressure on airfreight rates as it faces limited capacity supply. In general, the situation varies largely by country due to the local COVID-19 impacts and respective governmental regulations and restrictions on exports and imports. DB Schenker has therefore setup a flight operations schedule to support you during this time through alternative solutions.

What we have done to support you:

Our consol charter flight schedule now includes following flight operations:

- Europe - China - Europe: 3 flights per week (B747-400F)
- Hongkong - Europe: 2 flights per week (B747-400F)
- China - USA: 3 flights per week (B747-400F)
- Europe - USA - Europe: 3 flights per week (MD11F and B747-400F)
- USA - Australia: 1 flight per week (B777F)
- Europe - India - Europe: 1 flight per week (B747-400F)

The flight from Europe - India - Europe will especially focus to supply healthcare and pharmaceutical goods to India as well as critical shipments for key industries. Please reach out to your Account Manager for further details and support.

Europe

(Mar 30, 2020) - All offices remain in full operation with access to terminal handling and ground transportation. All our European hubs deliver import and receive export freight with no backlogs recorded over the weekend. Operationally, our linehauls to and from the hubs remain on time. In some areas, our cross-border trucks experience delays.

We do record a further decrease in export volumes, whereas import volumes remain stable. China imports are at all-time highs - also due to very strong demands in medical supplies, protective gears, and face masks which DB Schenker supports with utmost priority.

Asia Pacific

(Mar 30, 2020) - There are no significant updates in status from the previous advisory. Market capacity remains severely constrained or critical for major SEA countries, India, Japan, and New Zealand, ranging from approx. 10% to less than 50%. We continue to collaborate with our other products to provide work-around inter-modal solutions for customers. A quick and early recovery is not expected in April.

(Mar 26, 2020) - The government of India has imposed a 21-day lockdown until April 14, which has critically impacted all activities. Passenger flights and almost all freighter services are cancelled as terminals are not functioning with cargo congestion at airports intensifying. **Inbound cargo therefore cannot be accepted** unless a green light process is adhered: Shipper confirms in writing that consignee is able to receive cargo; and origin confirms with destination that cargo can be handled, customs cleared, and delivered to consignee.

Middle East/Africa

(Mar 30, 2020) - Even though belly capacity continues to reduce as passenger services remain suspended to many MEA countries, DB Schenker in the region is able to manage the current demand with available cargo capacity. However, airlines have withdrawn the contract rates until the situation resumes back to normal.

(Mar 26, 2020) - In addition to inbound / outbound freighters, airlines are now introducing passenger-cargo flights to support the current market demand. Please get in touch with your Account Manager for more details.

Overall, our air freight operations in the countries remain uninterrupted as we continue to serve customers. In many countries, logistics and supply chains are considered business critical. Therefore, our services do not cease during lockdowns.

Americas

(Mar 30, 2020) - USA-China: Market capacity and demand continue favorable. New China restrictions on PAX carriers will not impact USA due to use of freighter aircraft that provides sufficient capacity. Rates remain above pre-COVID-19 levels, however no exceptional highs. No major backlogs.

USA to Asia (excluding China): TH, KR, SG, and JP tight. Backlogs. USA to IN and OZ now critical. 90% of the passenger services into these markets have been

suspended. As with the imports the new governmental restrictions will impact freighter operations.

USA-Europe: Demand is moderate. We are making full use of our alternative capacity on the freighter flight operations to offset the reduced space from the passenger flight cancellations. Next week and into April, the capacity situation is expected to become more critical when all planned passenger reductions are in place. Market demand, as noted above, remains volatile and difficult to predict.

USA -Latin Am / Latin Am Europe & Apac: Passenger services have become significantly reduced as in the other tradelanes after governmental ordered quarantines and restrictions on foreign entry have been put in place. Major exception is with Brazil where the government has only placed limited restrictions, but overall drop in passenger travel has as well led to many PAX flight cancellations. Freighters operations are being maintained and provide services to all the countries either via the FRA/LUX or MIA hub operations, where cargo can be transited. Market import demand to Latin Am, is down significantly and freighter capacity is enough to maintain services at slight elevated pricing (dependent on the lane). Export of perishables (fish, fruit, vegetables) are keeping capacity tight out of those markets.

Airline Terminals Cargo handling: Concerns regarding effects on terminal operations as personnel are affected by the illness: Currently JFK terminal affected and creating transit delays / delayed releases / receipt of cargo.

2. Ocean Freight

Global

(Mar 30, 2020) – Ocean carriers are in deep talks within their alliances regarding the immediate future schedules as productions and manufacturing become significantly affected on both imports and exports. Extensive country lock downs such as the one in India (for the next 3 weeks) have put an additional constraint to the services as ports and operations are significantly impacted.

Carriers have advised that there will be a *potential* need to adjust agreed shipping times, routes, and prices. We will continue to support our customers proactively with arranging allocation and making equipment available. At the same time, we are in contact with customers as to the ability of receiving incoming volumes as we observe trucking shortages and a congestion of equipment at terminals, which could come costly.

Our advice for ensured uplift and forced delay of cargo:

- **Please communicate with us: Forecast, Forecast, Forecast (6 to 8 weeks in advance are advisable, in particular for special equipment including food grade and reefer)**
- **Please identify cargo of priority**
- **Please consider to make use of SchenkerOcean Delay in Transit options in all trades as idling of boxes in the ports will become costly**
- **Please consider to make use of SchenkerOcean Priority Product which is available for all main trades**

- **Please consider to accept de-tour for the cargo: SchenkerOcean alternate routing options to ease bottlenecks (e.g. ship North Asian cargo via SEA to OCE)**
- **We strongly discourage double bookings**

Europe

(Mar 30, 2020) - There is a very strong export booking situation in the market which is foreseen to come to an end due to PO cancellations starting as well as factory production sites closing down. The closing of private and public sectors all over Europe has started to affect port productivity. However, no impact on port operations reported. Vessel utilization is at 100% with roll-over scenarios during March and early April; rates have moved up significantly. Weeks 14-20 show dramatic capacity decreases of up to 54%. Significant capacity increases follow during weeks 21-23, however these services are under carriers' review and we have to anticipate severe service changes. All European Ocean Freight Branches are fully operationally functioning.

Asia Pacific

(Mar 30, 2020) - The lockdown in India is affecting services massively: Sea Ports and CFS's continue to be operational however with very minimal or zero activities. Subsequently, backlog and delays for imports & exports, including customs clearance, trucking, etc, builds up further at the container gates in order to catch sailings. Furthermore, the Indian government has imposed a 14-day quarantine on shipping vessels arriving from any port in China. Carriers have already implemented further blank sailings to cope with the drastic drop in volumes in view of the restrictions of business running and plant closures.

In other ports, cargo is still moving normally, so far. Services will be downsized in the next weeks accordingly.

Middle East/Africa

(Mar 30, 2020) - 100% vessel utilization ex MEA especially to EU and Noram has led to increased rates, PSS application and equipment shortage in all ports: especially Oman is concerned as well as 20' supply in UAE. Priority is given to perishables. All port operations are working fine. Our ocean freight offices in the countries continue to serve customers since logistics and supply chains are considered business critical as per local government directives. Moreover, we are closely monitoring the situation as the Ramadan season is around the corner.

(Mar 26, 2020) - As an alternative for air freight and land transportation in GCC, DB Schenker is offering weekly less-than-container load (LCL) consoles from the port of Jebel Ali (AE JEA) to Abu Dhabi, Bahrain, Kuwait, Oman, Pakistan, Qatar, and Saudi Arabia.

Americas

(Mar 30, 2020) - TPeb bookings start to drop, however vessels during week 14 and 15 are still fully booked and rolling: first additional blank sailings to kick in during week 15. No high hopes for the PSS/GRI announcements week of April 15th.

Vessels leaving North America still sail extremely full: equipment inventory status remains tight in all inland locations, affecting US inland sites (HOU, MSY, OAK, CHI, MES/STP, CMH, CLE, CLT, LU 01, MEM, and OMA). Peak bookings expected to last until the end of April with successful GRI/PSS implementations. However, with fading volumes, fading rate levels are expected in parallel for the second half of April. Possible truck driver shortage.

Vessels leaving Lat Am due to dry fruit cargo rush until early May: Reefer in Chile extremely tight. Pressure on free times with no extension continues.

3. Land Transport

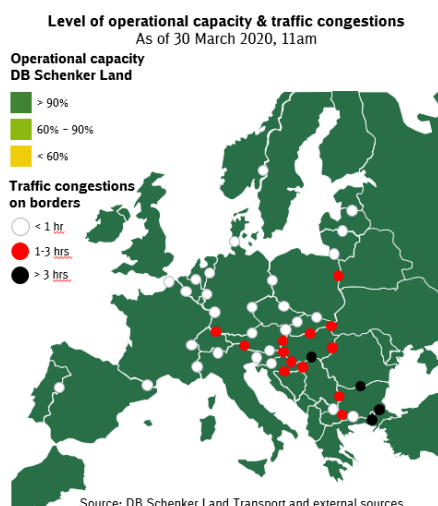
Global

(Mar 30, 2020) - Europe Land is fully operational and open for business, managing constraints and challenges in several countries. Asia with a heterogeneous picture: China is getting back to normal while other countries are facing increasing challenges, yet operating. India with lockdown affecting also cargo flows. Asia Land bridge as well as Eurasia Land bridge are fully operating. Land operations in the Americas are now also showing constraints, but still working close to normal.

Europe

(Mar 30, 2020)

DB Schenker Land Transport fully operational with daily **8.651** linehaul connections across Europe; minor shortfalls in service levels due to delays in border controls



Fully operational

in 38 countries and 430 own branches

- We still operate **8.651 daily linehaul** connections across Europe providing best in class lead times

Traffic congestions

on several European Borders due to border controls potentially causing delays

- Effective at all main borders of Italy, Austria, Denmark, Poland, Norway, Germany (only selective borders), Spain, Slovenia, Czech Rep., Croatia, Hungary, Slovakia, Romania, Macedonia, Bosnia Herzegovina, Serbia - risk of more countries introducing controls
- Increasing border restrictions leading to potential cargo blockage on following borders: Hungary, Slovenia, Croatia, Serbia, Romania, Greece, Turkey

DB Schenker well prepared

to react to potential disruptive scenarios

- COVID-19 contingency plan with 6 scenarios enables quick reaction time due to predefined actions & responsibilities
- Centralized task force monitoring situation constantly
- To serve our customers in those turbulent times we keep our European SYSTEM network up and running at highest service levels as possible

Disclaimer: The shown waiting times through traffic congestions are based on internal and external sourced information and are only estimates. Schenker does not warrant and is not liable for the completeness and accuracy of the waiting times. Please note that information on waiting times are not equally available for all borders and there can be time lags between information available and the actual situation on the borders.

Several European countries imposed nationwide travel restrictions. The government restrictions do apply mostly for private travel only. Transportation of all goods by DB Schenker is not restricted by this measure for most of the countries. For potential exceptions (e.g. blockage of cargo), please refer to the info graphic above. For each of these exceptions, we are in close contact with local authorities and are working on solutions to ensure flows of cargo as much as possible.

For cases of disruptive conditions, such as the current COVID-19, DB Schenker Land Europe builds on predefined contingency plans further specified to the respective situation. Appropriate actions as well as defined functional and geographical responsibilities apply to each scenario to be able to react quickly and effectively.

In case lead times and / or costs cannot be secured selectively, we kindly ask for your understanding. System Premium shipments are still accepted and will be handled with highest priority and fastest possible lead times. Nevertheless, we ask for your understanding that, under the given circumstances, we need to **suspend the money back guarantee of our System Premium** product until further notice.

As some receivers closed their operations due to the fast spread of the Coronavirus, **we ask all shippers to check the delivery possibility with the consignee and hold back shipments in case it is known that they cannot be delivered.** DB Schenker reserves the right to send back shipments that cannot be delivered due to the reasons mentioned above and charge the return to the shipper accordingly or charge for shipments that need to be stored in our warehouse after the first delivery attempt failed due to receivers.

Asia Pacific

(Mar 30, 2020) - So far, Vietnam, Thailand, Malaysia, and the Philippines operate below COVID-19 levels.

Japan, Korea, Singapore, Australia, New Zealand Land Transport are still in operation at adequate levels, albeit with constraints and delays expected.

China, Wuhan operations are waiting to reopen as soon as approval is given by the authorities. While India Land Transport operations remain in critical state. Transportation of all goods, without the distinction of essential & non-essential, have just been allowed through a government issued notification dated March 29. We are working closely with our partners to clear backlogs.

(Mar 26, 2020) - India authorities imposed a 21-day lockdown which will severely impact all domestic road traffic.

China Hubei province has lifted its lockdown control measures. We expect the situation will start to normalize / stabilize soon.

Middle East/Africa

(Mar 30, 2020) - The Prime Minister of Egypt has imposed curfew with effect from March 25. Trucks will not be allowed on the main highways during such hours (7 PM - 6 AM daily). DB Schenker in Egypt has an appropriate business continuity plan in place to adhere to such restrictions. Please get in touch with your account manager for more information.

(Mar 26, 2020) - Complete lockdown in South Africa for 21 days with effect from March 27. Operations for food, medicine, and critical products will continue. DB Schenker in South Africa is a certified logistics service provider under essential services and will be operating during the lockdown.

(Mar 26, 2020) - Land distribution to GCC and Levant countries (via Saudi Arabia) have been suspended for general cargo. The commodities exceptional to this rule are food items, medical items, military / relief / aid items.

Americas

(Mar 30, 2020) -

USA: FTL market volume has increased and LTL market volumes are stable.

Mexico: Running normally with capacity (US / MEX / CAN / C.A.). Cross border still open and running.

Canada: Operations mostly running normally.

Brazil: There is no restriction to the transport of goods. We are facing delays at the borders due to customs clearance procedures.

Procurement Forwarding Side: Operations supporting Air Ops as well as Ocean Ops running for the most part smoothly.

4. Contract Logistics

Global

(Mar 30, 2020) - Due to COVID-19 pandemic, Customers are required to shift goods and are in need to re-coordinate parts of their supply chain, especially looking for additional space. To actively help and support with agile solutions, we are closely monitoring available space to support our customers, e.g. absorbing potential backlogs.

For detailed information, please reach out to your DB Schenker account manager or local contact person.

(Mar 26, 2020) We continue to adapt and adjust our operations globally based on the health and safety of our staff and the needs of our customers. Based on these principles, we are seeing three main factors effecting the business globally this week:

1. Increase of governmental control, stepping in to shut down operations, focusing non-essential business.
2. Our staff's ability to move to and from our operations and the restrictions in travel continue to be monitored closely and proactively to ensure that members can be at work and we can minimize absences.
3. Our customers' inbound shipments and replenishment cycles are showing strain due to prior factor effects from China and transport constraints. Close monitoring and protection of available space for customer surge is on the increase with customers asking for and reserving overflow and critical materials.

The protection of staff through HSSE, staggered work cycles, and disciplined rest / work cycles continue to be our focus in order to preserve the maximum labor force for our operations at the blue-collar level. Meanwhile, we are monitoring and coordinating through stand-off management and on-site supervisions, a safe and productive site management method to maximize available resources and protect our workers from secondary contamination.

Europe

(Mar 30, 2020) - All sites in our operations in Europe currently remain fully operational with precautionary measures in place for the health of workers.

However, Italy shows strong indications to constrict and shut down operations that are non-critical to the health of the citizens later this week. Consumer operations around the region are operating at full speed in order to fulfill the distribution of food, sanitary, and healthcare-related products to Europe.

Southern Europe continues to show a stronger impact as Northern Europe deployed social distancing and work-from-home (WFH) initiatives in advance of the increase. Automotive and industrial operations have restricted their activities across the region to minimal levels.

Countries are generally evaluating and constricting the public movement to only non-critical needs, however staffing at most Contract Logistics operations in the region remains on track in order to deliver our customers' volumes. Shift management and absenteeism is being managed carefully and locally: significant efforts to support customers to prioritize activities remain on-track at most sites.

Asia Pacific

(Mar 30, 2020) - There are no significant developments or updates since the last advisory.

(Mar 26, 2020) - India's move to lockdown nearly all non-critical operations for the next 21 days starting from March 24. Employees are under governmental protection during this period.

Local advisories indicate that Indonesia may be considering a similar move to action in the coming days. Malaysia is also seeing challenges to commuters.

Hubei in China has announced re-opening and lifting lockdown restrictions. Applications to resume operations are already in process and expect to receive approval soon.

Our adaptive operations teams in most other major countries are executing at their normal tempo with little change in volumes or ability to deliver. We continue to focus on health and safety for staff, assessing BCP plans and actions to secure operation continuity.

Australia has strongly restricted the flow of passengers into and out of the country; New Zealand is moving to a level 4 condition (lockdown) as are most countries in the region.

Middle East/Africa

(Mar 30, 2020) - In South Africa, the government has initiated a lockdown for all businesses except for supermarkets, food and medical establishments. Respective DB Schenker sites remain functional with appropriate employee health and safety measures in place.

Complete shutdown of all life activity, except food and other basic need businesses, is becoming more probable in some countries in the GCC and Africa. We continue to

review possible scenarios for protecting the workers at this site with little effect on our operations.

Saudi Arabia and Kenya have announced shutdowns of non-critical operations and the UAE continues.

Americas

(Mar 30, 2020) - Canada continues to be impacted by government mandated closings and demand drops in the marketplace.

Brazil and Chile continue to operate without changes due to disruptions this week.

Mexico is pushing more policies on social distance stopping short of mandating.

5. Special Products

Global Projects / Oil & Gas

(Mar 26, 2020) - Break bulk shipping capacity with multi-purpose vessels (MPP) is still widely available and bookings can be placed despite cancelled liner sailings in some trades. In addition to break bulk or out-of-gauge cargo, there is an increase in demand in the market to use MPP fleet for cargo types which are normally transported either containerized or as pure bulk. Following various lockdowns and restrictions announced (e.g. India) operational delays are expected and additional quarantine measures are in place for various ports which have an impact on lead time and costs.

Our dedicated teams around the world are fully operational and help clients to come up with customized transport solutions for all break bulk or out-of-gauge shipments or any other project shipment independent of trade lanes.

Fairs, Events and Special Logistics

(Mar 30, 2020) - With the majority of fairs and events worldwide being postponed or cancelled, we understand the strain on event organizers, exhibitors, participants, and contractors. We are in close contact with the leading organizers and associations worldwide and continue to monitor all developments closely.

Our Global Fairs & Events Service Center is available to answer all your questions and assist you in all situations with tailormade solutions.

Reach out and contact our colleagues at customerservices.fairs@dbschenker.com.

Update: Sports Events

The rescheduled Tokyo 2020 Olympics will take place from July 23 - August 8, 2021. This postponement will lead to many changes in the global sports calendar with many dates of already scheduled events to change.

Our Sports Events teams are globally available and prepared to deal with the new situation and its challenges. Please contact us if you have any questions regarding early return transportation, interim storage or other logistical requirements in connection with this postponement.

DB Schenker Organizational Update:

DB Schenker is closely monitoring the COVID-19 situation. With precautionary measures in place, we are aiming to maintain full operability across all DB Schenker operations. In our offices across all continents, we have taken action to enable as many employees as possible to work from home to help instill the social distancing guidelines put in place by public authorities or the government in many countries. Our first priority is the health of our employees and partners. We adhere to the recommendations of health experts, especially WHO, related to, for example, hygiene precautions.

The next update will be sent on April 02 (or earlier should there be significant developments).

Please visit our website www.dbschenker.com or any local DB Schenker website for ongoing updates and additional information.

Thank you for your patience and support.

DB Schenker COVID-19 Customer Advisory Team

Disclaimer: We have used our utmost care in providing the information above. While the information above has been provided to the best of our knowledge and ability, the DB Schenker Group does not assume any liabilities arising from this information or the use thereof.