



Mar 26, 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 26, 2020) - The overall supply in the market has decreased week by week since the outbreak of COVID-19 leading to an overall challenging situation in the air freight market. Especially now, the recent immigration embargoes as well as very low passenger demand has caused airlines to act as far as grounding their entire passenger aircrafts. This has caused an increase in demand for alternative capacity access to keep supply chains operating and to limit the overall impact. Due to this critical situation, access to freighter capacity is now key to ensure goods are being transported and supply chains are stabilized. 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. Please reach out to your Account Manager for further details.

Europe

(Mar 26, 2020) - All offices remain in full operation with access to terminal handling and ground transportation. All of our European hubs deliver import and receive export freight. Operationally, our linehubs 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 - predominantly from China - remain stable.

Asia Pacific

(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 can therefore NOT 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.

(Mar 23, 2020) - In response to the tightening border control measures imposed by the Singapore government, Singapore Airlines Group announced the grounding of 185 aircraft out of their 196 aircraft fleet (96% of capacity) which has effectively removed a significant capacity from Singapore.

For Korea, there are massive flight cancellations especially on the passenger services. Total Pax freight cancellation is at approximately 85% (Long haul at 75%, Intra-Asia at 85% reductions).

Middle East/Africa

(Mar 26, 2020) - With an increasing number of COVID-19 cases across the region, all national airlines and leading European airlines are either reducing or stopping the passenger services from / to the MEA countries: this is impacting the current cargo capacity.

Decreasing belly capacity is seen to impact the cargo movement. While inbound / outbound freighters continue to operate, 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 26, 2020) - Inbound China-USA: Continues to be tight. Rates remain high. Schenker has charter solutions in place to support demand. Outbound USA-China: Capacity and demand continue favorable. Rates remain above pre-COVID-19 levels, however with no exceptional highs. No major backlogs.

Asia (excluding China) to USA: TH, KR, SG and VN into USA remain tight with passenger flight reductions having an impact on available capacity. OZ and IN into USA facing major issues with capacity. Severe rate escalations! New restrictions by the Indian government will now impact this market with freighter cancellations, but balanced by an expected reduction in demand.

USA to Asia (excluding China): TH, KR, SG, and JP tight. Backlogs forming. USA to IN and OZ are 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, which may be balanced by demand reductions.

Europe-USA: Demand in the market remains constant this week. Market demand scenarios are not clear for the future, but with the full reduction of PAX flights market dynamics point to tighter capacity. The situation remains volatile.

USA-Europe: Market demand is slightly down from the previous week. 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. Demand factor as noted above still needs to be clarified and remains volatile.

USA-Latin Am / Latin Am Europe & APAC: Passenger services have become significantly reduced as in the other trade lanes after governments ordered quarantines and restrictions on foreign entry were put in place. A major exception is Brazil where the government has only placed limited restrictions; but an overall drop in passenger travel has also led to many PAX flight cancellations.

Freighter 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.

Import market demand to Latin America is down significantly and freighter capacity is enough to maintain services at slightly elevated pricing (dependent on the lane). Export of perishables (fish, fruit, vegetables) are keeping capacity tight out of those markets.

2. Ocean Freight

Global

(Mar 26, 2020) - Carriers have started to announce additional blank sailings with effect as early as week 14. Services ex Far East to Europe will be impacted, but future weeks will also have an effect on services covering TP and TA and their reverse legs. With many countries in lockdown and thus many customers unable to receive their goods in parts or in full, we like to urge customers that wish for a delay in delivery of their goods, to advise as early as possible as often hubs en route will be used.

We are supporting our customers proactively with arranging allocation and equipment availability in line with past performances and forecasts. Most accurate forecasts become even more important. 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:

- Make use of DB Schenker Ocean Priority Product which is available for all main trades
- Make use of DB Schenker Ocean Delay in Transit options in all trades as idling of boxes in the ports will become costly
- Make use of DB Schenker Ocean alternate routing options to ease bottlenecks (e.g. ship North Asian cargo via SEA to OCE)
- Please plan for timely forecasts (ideally 4 to 5 weeks) to allow equipment, haulage, and allocation planning

Europe

(Mar 26, 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 13-20 show dramatic capacity decreases of up to 54%. Significant capacity increases follow during weeks 21-23, however these services are under carriers' review.

Asia Pacific

(Mar 26, 2020) - The announced lockdown in India will have a significant impact as the government limits the type of goods which are still allowed to be delivered, especially the West Coast is impacted.

Mar 26, 2020) - The announced lockdown in India will have a significant impact as the government limits the type of goods which are still allowed to be delivered, especially the West Coast is impacted.

Middle East/Africa

(Mar 26, 2020) - 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.

(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.

Americas

(Mar 26, 2020) - Vessels leaving APAC are fully utilized, however upon arrival there are trucker shortages and delays expected due to the current local shutdown in several countries. This adds on to the current equipment imbalance, especially the shortage of equipment in inland depots / ramps as well in the Gulf ports. Continue to expect free time limitations for LATAM.

We are fully operating in all countries around the Americas with appropriate employee health and safety measures in place. There is a threat of closing California ports either in full or partly. The automotive market will start to limit operations within the coming week and this will impact USA, Mexico, and Brazil.

Many LATAM countries have declared a state of national emergency for a period of 15 days and implied mandatory social isolation as a result of the Coronavirus (COVID-19) outbreak. Also, many full border closings for international passenger transport were announced. Cargo transport is not included in this closure.

3. Land Transport

Global

(Mar 26, 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 and other countries are facing increasing challenges, but 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 26, 2020)

DB Schenker Land Transport fully operational;
minor shortfalls in service levels due to delays in border controls

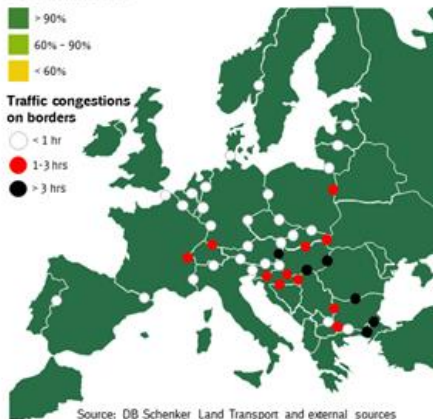
Level of operational capacity & traffic congestions
As of 26 March 2020, 11am

Operational capacity
DB Schenker Land

> 90%
60% - 90%
< 60%

Traffic congestions
on borders

○ < 1 hr
● 1-3 hrs
● > 3 hrs



Source: DB Schenker Land Transport and external sources

Fully operational

in 38 countries and 430 own branches

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 border crossings: Slovenia, Croatia, Serbia, Romania, Greece (all mainly for freight from Italy), 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 SYSTEM network up and running at highest service levels as possible throughout Europe

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 (i.e. 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.

We are constantly monitoring the latest developments being fully represented by our own organization across Europe and consolidate first-hand local information in a central task force. Those measures ease the decision process once certain scenarios become reality and will enable us to ensure service levels for our customers as much as possible.

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 above mentioned reasons 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 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.

(Mar 23, 2020) - Malaysia cross-border trucking requires an additional Malaysia Trade Ministry documentation from the shipper.

Vietnam-Laos border opened March 22 following joint control by LA / VN authorities. Heightened pandemic control measures are in effect in India, Australia, New Zealand, and Indonesia (Metro Jakarta) with operation restrictions, delay of shipments, shortage of drivers and vehicles, and cost increases expected for domestic road freight.

Middle East/Africa

(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.

(Mar 23, 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 26, 2020) - Brazil: Borders are open to trade.

Canada: Borders open to trade. Carrier capacity secured, operating for the most part normally.

Mexico: Carrier capacity secured. No issues securing capacity. Can support new business needs from spot market due to pandemic support.

USA: Capacity tight in some markets, mainly due to disruptions in normal network patterns, but generally, capacity available in both FTL and LTL.

4. Contract Logistics

Global

(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.

For detailed information on the country level, please reach out to your local DB Schenker contact person!

Europe

(Mar 26, 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 shutdown 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 CL 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 26, 2020) - This week's changes included 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 next week.

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.

(Mar 23, 2020) - 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 26, 2020) In South Africa, the government has initiated a lock down 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.

Egypt has placed some restrictions in country on large gatherings and movement of the local population, with no impact to our operations.

Saudi Arabia, South Africa and Kenya have announced shutdowns of non-critical operations and the UAE continues to review possible scenarios for protecting the workers at this site with little effect on our operations at this time.

Americas

(Mar 26, 2020) Working closely with our staff in operations throughout the region, management is concentrating heavily on detection and protection of our workers. Restrictions vary from country and state levels with WFH initiatives being focused on the current 12 states in the US that have activated these requirements and the countries across the Americas that are deploying similar programs.

All operating countries other than Argentina are open and operating with minimal absenteeism, FMCG operations continue to operate at optimal levels to ensure customers receive their critical products for health and nourishment.

The management team continues to increase communication on all actions taken at the site level. As more and more states in the US enforce staying-at-home policies, the first days of enforcement increases absenteeism. We continue to reinforce our business together with our customers, as many of our services are life supporting and essential.

(Mar 23, 2020) The state of Pennsylvania has requested all non-life supporting businesses to close by Saturday. Together with our customers, we confirmed that our businesses are life supporting and hence continue operations. The state of California Governor has requested all residents to remain home until further notice. We continue operating our sites in California as our customers have been classified as performing life supporting business.

Argentina government has requested all businesses to stop operations as of last Friday, so we have stopped our warehouse operations.

Mexico and the USA governments have reduced border crossing by eliminating non-essential travel.

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 26, 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 event organizers worldwide and continue to monitor all developments closely.

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

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

Latest Update on the postponed Olympic Games:

The Games have been postponed to 2021 with a date yet to be determined. Our Sports Events teams globally are 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 March 30 (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.