

Fuel Surcharge (FSC) Separation for all services

1. What is FSC Separation? Does it affect all Services?

- FSC Separation is the process in which the variable charge (not including the base charge) is split into two components. The two components are the weight charge and the FSC, which are calculated depending on the weight of your package.
- FSC Separation affects all services including USA, Japan, Europe for all Destinations from 19 Jan 2010.

2. Is this an industry practice?

- vPOST adopts the industry practice of imposing a fuel surcharge. Express and Logistics companies such as DHL, UPS, FEDEX and TNT are adopting similar practices.
- vPOST has been using a static FSC component hidden within the variable charge all these years. Fluctuations have been absorbed and the variable charge has not been adjusted along with fluctuating Jet Fuel Prices.

3. The reason for separation

- Jet Fuel Prices have always been a fluctuating component in Airfreight costing. The Fuel Surcharge (FSC) is a component charged by the airlines due to fluctuating oil prices.
- Our rationale for separating the fuel surcharge is to have a more transparent pricing so that our customers know what they are paying for.

4. Will there be any increase in the variable charge after the FSC separation?

- The variable charge is still the same at the moment. We are separating the FSC component and pricing it at SGD\$1.00. For example, our vPOSTUSA service for Singapore customers the variable charge is SGD\$8.60 per kg. The new rates will be: Weight Charge – SGD\$7.60 and FSC – SGD\$1.00

5. Is this change permanent?

- Yes. It is permanent.

6. How does the FSC separation affect me as a vPOST customer?

- The promotion codes will no longer apply on the FSC, they can only be applied on the base charge and the weight charge.
- The FSC component is still part of the CIF (Cost, Insurance and Freight) component when it comes to the Duties and Tax calculation (Please refer to our Examples of Calculation for more details)
- vPOST customers will experience a net decrease in shipping charges if the FSC is adjusted downwards and a net increase in shipping charges if the FSC is adjusted upwards.

7. How is the FSC determined? What is the lead-time given before any adjustment in the FSC?

- SingPost uses an index-based surcharge that is adjusted monthly. The surcharge will be based on the U.S. Gulf Coast Jet Fuel Prices released by the U.S. Department of Energy for the month.
- After the Airlines have announced the FSC adjustment, we will announce the FSC adjustment two weeks before the real adjustment is being made.