

Glossary of Terms

Backhaul: Refers to the return journey of a vessel after delivering its primary cargo (the fronthaul).

Ballast water: The seawater that vessels take on or discharge to maintain draft, stability and balance during voyages.

Baltic Dry Index: Or the **Baltic Index**, is a key economic indicator that measures the cost of shipping raw materials such as coal, iron ore, grain and other dry bulk commodities across the world’s major sea routes. It is compiled by the Baltic Exchange in London, which is a global marketplace for maritime shipping.

Bonded zone: A designated area within a country, such as a warehouse, port or industrial park, where imported goods can be stored, processed or manufactured without being subject to local customs duties or taxes until they are moved into the domestic market.

Breakbulk: Cargo that is packed, bundled or placed in bags, drums, crates or pallets. Each cargo is handled individually rather than in standardized containers or as large, homogenous loads.

Charter: A term used in shipping for a contract between a ship owner and a charterer that spells out the terms for the use of a vessel. The charterer is the entity that rents or leases a vessel to transport cargo. The contract can be of different types, such as: a time charter which is a time-bound agreement where a ship owner leases a vessel to a charterer for a fixed period of time, with the charterer free to sail to any port and transport any cargo, subject to legal regulations; a voyage charter for which the charterer leases the vessel for a specific voyage from one port to another; or a bareboat charter where the owner leases the vessel without crew, provisions or any operational assistance. “Charter-in” refers to Bahri being the charterer; while in a “charter-out” arrangement, Bahri is the ship owner. “Chartered vessels” and “chartered fleet” in this document refers to vessels that have been leased by Bahri, contrasted to “owned vessels” and “owned fleet”.

CIF: Cost, Insurance and Freight, a term in international trade that specifies that the seller is responsible for covering the cost of goods, insurance and freight required to transport the cargo to a destination port.

Container cargo: Goods or commodities transported in standardized 20-foot or 40-foot steel shipping containers.

Contract logistics: Logistics is defined as the management of moving materials from one location to another. Contract logistics is an arrangement where a company outsources its logistics function to a specialized logistics provider.

Contract of Affreightment: A contract between a ship owner and a cargo owner, in which the ship owner agrees to carry goods for the cargo owner in its ship or to give the cargo owner the use of the whole or part of its ship’s cargo-carrying space for the carriage of goods on a specified voyage or voyages or for a specified time.

CPP: Clean petroleum products; liquid products refined from crude oil, whose color is less than or equal to 2.5 on the National Petroleum Association scale. Clean products include naphtha, jet fuel, gasoline and diesel/gasoil.

Deadweight tonnage: Carrying capacity of a vessel, measured in metric tons. Carrying capacity includes the weights of cargo, fuel, crew and supplies, and excludes the vessel’s weight when empty.

Dry bulk cargo: Refers to unpackaged goods shipped in large parcels.

Eco vessels: Ships that possess high energy efficiency and low emissions features and equipment to reduce their environmental impact, such as fuel-efficient hull and propeller designs, scrubbers, ballast water treatment system, etc.

Feeder operator: An operator of medium-size vessels that transport cargo between small and major ports.

Front-haul outchartering: The practice in the shipping industry where a vessel owner or operator charters out (leases) their ship for a specific voyage or period to transport cargo along a high-demand, lucrative route, typically in the primary direction of trade flows.

Greenhouse gas: Refers to carbon dioxide, methane and other gases in the atmosphere that traps heat, contributing to a greenhouse effect on Earth. Abbreviated as GHG.

IMO: The International Maritime Organization, an agency of the United Nations responsible for regulating global shipping.

IMO2 MR tanker: A medium range tanker that is classified by the International Maritime Organization (IMO) as a Type 2 vessel. IMO vessel types are based on the level of protection that is required based on the hazard level of its cargo. A Type 2 tanker is designed to carry moderately hazardous chemicals.

Lost Time Injury Frequency Rate: Measures the number of lost-time injuries per million hours worked. Tracked and reported by Bahri on a trailing 12-month basis.

LNG: Liquefied Natural Gas, natural gas cooled at very low temperatures to convert it into a liquid. Natural gas is a naturally occurring hydrocarbon that is mainly composed of methane. LNG is transported in specialized carriers containing tanks kept at low temperatures.

LPG: Liquefied Petroleum Gas, a flammable hydrocarbon gas mixture mainly of propane and butane. LPG is transported in specially designed gas carriers under moderate pressure or low temperature to maintain its liquid state.

Multipurpose vessel: A ship built to carry a wide range of cargoes. Abbreviated as MPV.

Murabaha financing: Murabaha financing is an Islamic financing structure wherein an intermediary buys an asset with free and clear title to it. The intermediary and prospective buyer then agree upon a sale price (including an agreed upon profit for the intermediary) that can be made through a series of installments, or as a lump sum payment.

Newbuild: Refers to a vessel that is newly constructed at a shipyard and has not yet been commercially deployed.

OPEC+: A coalition of oil-producing countries which included the 13 members of the Organization of the Petroleum Exporting Countries (OPEC) and 10 other countries, including Russia. OPEC+ collaborate on oil production policies and agreements with the aim of providing stability to the global oil market.

Project cargo: Large, complex and high-value pieces of equipment or materials that are typically for specific projects. Examples include engines, construction equipment, trains and wind turbines.

RoCon vessel: A type of vessel that is a hybrid of a roll-on/roll-off (RoRo) ship and a container ship, with the decks used for stacking containerized freight.

Roll-on / Roll-off: Refers to the method of loading and unloading of cargo into a vessel, which is by the use of a ramp, or to the vessel that has this equipment, or to the type of cargo that can be loaded and unloaded using this method. Abbreviated as RoRo.

Glossary of Terms continued

Scrubbers: Exhaust gas cleaning systems that are used to remove harmful substances, such as sulfur dioxide, from the exhaust gas stream of ships, allowing continued compliance with international emissions standards while using high sulfur fuel oil as fuel.

Spot market: A marketplace for buying and selling shipping services for immediate or near-term delivery, in contrast to long-term charter agreements. Spot rates refer to one-time, short-term freight contracts where rates fluctuate on real-time supply and demand conditions.

TCE rate: Time Charter Equivalent rate, a key shipping metric that measures the daily earnings of a vessel after deducting voyage-related expenses from voyage revenue. Voyage-related expense includes items such as bunker cost, port fees and canal tolls, and brokerage fees and commissions related to securing charters, for the duration of the voyage, including its fronthaul and backhaul portions. The metric is used to compare profit performance across different chartering arrangements.

Tonne-mile: A metric used in the shipping industry that provides an indication of transport demand for cargo by multiplying cargo in metric tons by the distance the cargo travels in nautical miles. A high tonne-mile figure indicates greater transport demand.

Trading days: Refers to the number of days that a vessel is actively available for commercial use, which includes the days when the vessel is sailing with cargo or in ballast, days when it is waiting for cargo but is commercially available, and days when the vessel is under a time charter or voyage charter. A vessel is “in ballast” when it is sailing without cargo (and just carrying ballast water), typically to reposition itself for its next charter or voyage. Days are not counted as trading days if the vessel is undergoing repairs, maintenance or dry-docking, and if it is not actively marketed for commercial use.

Ultramax vessel: A type of dry bulk carrier with a deadweight tonnage (DWT) typically ranging between 60,000 and 65,000 DWT. Ultramax vessels are usually equipped with onboard cranes (geared) for loading and unloading cargo, making them suitable for operations in ports with limited infrastructure. These ships are part of the Supramax class, with Ultramax being the larger and more modern subclass, often designed for better fuel efficiency and versatility.

Very Large Crude Carrier: A crude oil tanker with a cargo carrying capacity of up to 250,000 tons. Abbreviated as VLCC.

Vision 2030: A blueprint developed by the Government of Saudi Arabia for diversifying its economy, empowering its citizens, creating a vibrant environment for both local and international investors, and establishing Saudi Arabia as a global leader, by leveraging the Kingdom’s unique strengths - its pivotal role in the Arab and Islamic worlds, its strong investment capabilities, and its strategic geographical position.