

March 30th, 2020

Operations Update #4: COVID-19

To Our Valued Business Partners,

As ONE North American management continues to monitor the impact of Covid-19 on our industry, we would like to provide an update on the key operating areas which are affecting all of us.

This is a fluid situation with significant changes occurring quickly, and we will continue to provide updates as these impact our supply chain.

North American Network Status Update (3/30 16:00 EDT updates in red)

We greatly appreciate your business and patience as we all work through this situation together.

| Operation | |
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| Localities | <p>While municipalities and states are issuing various protective measures or recommendations, there have been no requirements which have restricted staffing/labor from getting to work. There have also been no restrictions with any notable impact on container operations in North America and the transportation of goods.</p> <p>States – 30 States “shelter in place/stay at home” including Virginia and 13 States have partial orders. Most States consider logistics/transportation as essential business. ONE is running with full and continuous operations in the US and Canada as a result.</p> <p>Shelter in place orders: More info, click here.</p> |
| Labor | <p>Both EC ILA and WC ILWU workforces continue to operate as usual with no major impediment. There are certain work rule adjustments regarding contacts with crews and social distancing which have been instituted without impact to operations.</p> <p>Labor and employers on both coasts have adopted extensive cleaning programs for equipment being transitioned from one worker to the next. WC ILWU has instituted a change in shift times replacing the 18:00 to 03:00 night shift with a 19:00 to 04:00 schedule.</p> |

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| <p>Shipper Warehouses</p> | <p>ONE is receiving notice from some customers that they are closing their warehouse operations at various locations. To avoid a backlog of cargo and remain fluid, no terminals or railroads are extending freetime or demurrage charges. There is no operational impact at this time as volumes are low and terminal, ramp and chassis capacity is adequate to ample.</p> <p>OCEMA (Ocean Carrier Equipment Management Association – ONE is a member of) issued the hyperlinked press release highlighting the importance of imports being pulled off terminal and unloaded in order to protect maritime and inland network fluidity.</p> <p>OCEMA Press Release on Public Policy Statement Regarding COVID-19 and Transport Logistics: More info, click here.</p> |
| <p>Terminals</p> | <p>The terminals have instituted individual business continuity measures to safeguard office and operational staff. We are facing no major disruption to terminal operations. Voyage cancellations and low cargo volumes have resulted in the cancellation of certain gate shifts on an on-going basis. ONE empty inventory levels in LA are high but we expect to maintain adequate space for on-going returns.</p> |
| <p>Railroads</p> | <p>The railroads have instituted individual business continuity measures to safeguard office and operational staff. We are facing no major disruption to rail operations.</p> <p>CN Detroit - An employee working at the CN Detroit intermodal terminal was confirmed to be positive for COVID-19 on Friday Mar/27. The ramp was temporarily closed for investigation and sanitation. The ramp was reopened the next morning. This was the first ramp with a confirmed case and the likely precedent on how occurrences will be handled at ramps going forward.</p> |
| <p>Trucking</p> | <p>No notable supply, regulatory or operational concerns at this time.</p> |
| <p>Vessel Operations</p> | <p>Globally, regulatory bodies have instituted increased reporting and health precautions which may vary by country or by port. In North America the US Coast Guard, Transport Canada, CBP, CBSA, port authorities and pilots play different roles in establishing rules. Most rules instituted have had no impact on NA port operations.</p> <p>Seattle/Tacoma - In Seattle and Tacoma a rule change has vessels coming from at risk countries waiting 14 days before being piloted to the port. (Currently PN2 is the only ONE service impacted by this with a 2 day delay from standard schedule.)</p> |

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| | <p>US Coast Guard issued the hyperlinked information bulletins which refine USCG rules for foreign vessels calling US ports and clarifying essential infrastructure workers to protect the uninterrupted flow of commerce.</p> <p>Vessel Inspections Exams and Documentation: More info, click here.</p> <p>Identification of Essential Maritime Critical Infrastructure Workers More info, click here.</p> |
| Depot Network | Depots are mostly operating as normal. Southern California and Dallas depots used by ONE are pretty full but being managed and not restricting empty returns. |
| Chassis | Due to low cargo volumes, chassis supply is still ample at all locations at this time. Chassis supply could become an issue in any giving area should shippers pull containers to their distribution centers without devanning and returning them. |

Sincerely,

Ocean Network Express (North America) Inc.
