

June 19th, 2020

Operations Update #11: 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 (June/19 additions in red below)

The NA network remains very fluid without any significant backlog or disruption.

Operation	
Localities	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. States have begun to lift restrictions in stages.
Labor	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.
	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.
	West Coast terminals (US and Canada) will be closed on June 19 due to ILWU's request to observe Juneteenth.
Shipper Warehouses	Except for a few exceptions, most import cargo which is moving is being devanned in a timely fashion.

<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>Trapac in Oakland added a gate lane over the weekend. Their terminal experienced gate congestion on June 15th and 16th as it troubleshoot related software patches. The patches were successfully completed with the terminal now enjoying improved driver turn times than before the upgrade.</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>Volumes – ONE is experiencing volume increases arriving West Coast ports the weeks of June/8 and June/15. We’re working closely with the railroads, terminals, chassis, and truckers to prepare for this surge.</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>Depot Network</p>	<p>Depots are mostly operating as normal. Empty inventories are adequate to tight (depending on location) with no empty receiving restrictions in place nationally.</p>
<p>Chassis</p>	<p>Due to low cargo volumes, chassis supply is still ample at all locations at this time.</p>
<p>ONE Network Map</p>	<p>Follow below hyperlink to view local conditions in ONE’s NA Network: North America Network Map ***NOTE: eCommerce Login Required</p>
<p>ONE Terminal Calendar</p>	<p>Follow below hyperlink to view ONE’s terminal closure calendar: Terminal & Depot Gate Calendar ***NOTE: Google Login Required</p>

Sincerely,

Ocean Network Express (North America) Inc.
