

March 20th, 2020

Operations Update #2: 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 (3/20 06:20 EDT updates in red)

Operation	
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>California - Effective 2359 PST on Mar/19 California will be under a "Safer At Home" order for all non-essential businesses and services. PORT OPERATIONS AND ALL ANCILLARY STAKEHOLDERS ARE CONSIDERED ESSENTIAL. ALL CALIFORNIA PORTS ARE OPEN AND OPERATING NORMALLY AT THIS TIME.</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>
Terminals	<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>Houston – On Mar/19 ILA (labor), USMX (employers), Port of Houston and others met to establish safety measures to resume work after an ILA member reported contracting covid-19. Measures were instituted and the terminals returned to work 3/19 19:00 with gate operations resuming Mar/20 at 07:00</p>
	<p>California – Terminals will remain open and fully operational under California’s “Safer at Home” order, but it is essential that all areas of the supply chain remain operating. Containers must be picked up by shippers and empties/chassis returned in order to avoid terminals reaching their yard capacities and being unable to operate due to gridlock.</p>
Railroads	The railroads have instituted individual business continuity measures to safeguard office and operational staff. We are facing no major disruption to rail operations.
Trucking	No notable supply, regulatory or operational concerns at this time.
Vessel Operations	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.
	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.)
	Houston – Vessel operations returned to normal with very little impact to their schedules on Mar/19 at 19:00.
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 ample at all locations at this time. Chassis supply could become an issue in California should shippers pull containers to their distribution centers without devanning and returning them.

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

Sincerely,

Ocean Network Express (North America) Inc.

