

March 18th, 2020

Operations Update: COVID-19

To Our Valued Business Partners,

As ONE North America 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 could affect operations.

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

North America Network Status Update:

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 as yet. There have also been no restrictions with any notable impact on container operations in North America and the transportation of goods.
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.
Terminals	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.
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. 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.)
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.

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

Sincerely,

Ocean Network Express (North America) Inc.
