



February 26, 2020

**Subject: Supply Chain Impact of Rail Blockades and Corona Virus**

**Quadra Chemicals Ltd.**  
**Quadra Chimie Ltée.**

Dear Valued Customer,

Several global and regional events taking place simultaneously have created a significant stress on the chemical and ingredient supply chain. Quadra is working diligently to mitigate supply disruptions for our customers, however, the magnitude of the issues the industry is facing may result in service interruptions beyond our control.

The Covid-19 (Coronavirus) outbreak is having a major impact in China and around the world. The first and most serious impact of course, is on human life. This virus is also having an affect on supply of chemicals and ingredients produced in China. The extension of the Chinese New Year holiday and the growing quarantines have resulted in manufacturing plants and ports being shut down for longer than usual. The quarantines and travel restrictions have significantly impacted driver availability and reduced flow of materials within China, resulting in substantial delays on exports.

The rail blockades that started on February 6<sup>th</sup> have been mounting across different parts of Canada and continue to significantly impact rail traffic. These blockades create a volatile situation and it is unknown when a sustained resolution will be reached. The limitations on rail service have also impacted Canadian ports, which are suffering from significant congestion. Estimations are that our rail network could take 6 to 8 weeks to clear port congestion and rail backlog. Lead times will constantly be a challenge until a sustained resolution is reached.

The Quadra team in Shanghai and across Canada is working proactively to mitigate both the availability and the cost impact for our customers. We will continue to coordinate efforts with our industry associations, government representatives and supply chain partners. This is a fluid situation that will require a considerable amount of communication. We value your cooperation in these difficult times and your Account Manager remains your best point of contact. While the situation is out of Quadra's immediate control, we will continue to work closely with you to minimize the overall impact and disruption caused by these major events.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Infilise'.

Anne Marie Infilise  
President

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