



April 2, 2020

Dear Valued Business Partners,

During this time of unprecedented uncertainty, Quadra is concerned about the safety and well-being of our families, friends, employees, colleagues, customers, and many partners which have helped make us successful over the past 44 years. Our hearts are with those who have been affected personally by the outbreak of coronavirus (COVID-19) as well as the many communities around the world facing extreme measures in the attempt to slow its spread.

Quadra remains committed to serving our customers and suppliers through this pandemic. Given the key industries we service, supply chain distributors such as Quadra have been deemed an essential service in the USA and Canada. We have protocols and action plans in place to ensure the safety of our staff and maintain our operations, enabling us to continue servicing our customers and suppliers. Due to the worldwide impact this is having on transportation, we wanted to provide an update as it pertains to our business.

Ocean traffic is operational and most global ports are seeing limited impact, with some exceptions. Ocean lines and ports have implemented safety measures to help prevent the spread of the virus to ensure they can continue providing this essential service. Measures include:

- Crews adhering to the 14-day quarantine period before discharging from vessels;
- Countries are requiring a Declaration of Health Certification be submitted prior to vessel docking;
- Screening of all personnel at ports prior to allowing them on site.

It is not uncommon to see vessels departing from ports a few days behind schedule due to these extra precautions. There are some lanes that are being impacted more than others due to the trade changes and uncertainties in the market:

- South America to North America northbound sailings is close to capacity due to produce season.
- Between Europe and Canada there is an imbalance of trade, causing capacity issues.
- India has closed many of their ports to non-commercial traffic and have declared Force Majeure to warn shippers that they will not meet sailing schedules.
- Chinese ports are fully operational, but demand is down causing lines to cancel sailings.

Market dynamics such as a shortage of 40' containers in Europe and North America, and an imbalance of trade lanes are creating ripple effects throughout the global supply chain. To date Quadra has not been impacted directly, and we are monitoring these trends closely in order to develop alternate solutions if necessary.

North American Class 1 railroads are operating at normal conditions and have recovered from the backlogs created by the rail blockades in February. The reduced number of containers coming in from Asia have the rail lines seeing less traffic than normal and allowing them to operate smoothly. Intermodal shipments, due to 40' container shortages and steamship lines restricting where containers can be repositioned to, are creating capacity tightness. To combat the 40' shortages Quadra has adequate access to 20' and 53' containers as well as many trucking partners, ensuring we are still able to secure capacity to handle shipments.

.../2

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

3901 FX Tessier
Vaudreuil-Dorion, Qc
Canada J7V 5V5
t 450.424.2665

1100 Blair Road
Burlington, Ontario
Canada L7M 1K9
t 905.336.9133

1170 Invicta Drive
Oakville Ontario
Canada L6H 6G1
t: 905.815.8158

12925 – 146th Street
Edmonton, Alberta
Canada T5L 2H6
t 780.665.1213

700 – 4th Avenue S.W.
Suite 780
Calgary, Alberta
Canada T2P 3J4
t 403.232.8130

7930 Vantage Way
Delta, British Columbia
Canada V4G 1A8
t 604.940.2313

7802 -98th Street
Clairmont, Alberta
Canada TX8 5B1
t 780.832.4832

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

3901 FX Tessier
Vaudreuil-Dorion, Qc
Canada J7V 5V5
t 450.424.2665

1100 Blair Road
Burlington, Ontario
Canada L7M 1K9
t 905.336.9133

1170 Invicta Drive
Oakville Ontario
Canada L6H 6G1
t: 905.815.8158

12925 – 146th Street
Edmonton, Alberta
Canada T5L 2H6
t 780.665.1213

700 – 4th Avenue S.W.
Suite 780
Calgary, Alberta
Canada T2P 3J4
t 403.232.8130

7930 Vantage Way
Delta, British Columbia
Canada V4G 1A8
t 604.940.2313

7802 -98th Street
Clairmont, Alberta
Canada TX8 5B1
t 780.832.4832

Trucking is deemed an essential service by both the Canadian and United States governments. The focus and priority of the trucking industry is to ensure their drivers are safe and they can deliver essential goods. Business closures along with a spike in demand for groceries, medical and health care supplies have made scheduling and planning extremely difficult. This has caused spikes in spot market pricing, overcapacity in some regions, capacity shortages in other regions and much volatility in the marketplace. LTL and courier companies have removed their guaranteed service options as they are no longer able to manage this through their network. Quadra is working very hard to balance a fluid supply chain while controlling costs. We have partnered with world class trucking companies, 3PL's, warehouses and terminals to ensure we meet your needs. We are working cooperatively with these partners to continue providing the level of service you have come to expect from Quadra.

During this crisis all businesses continue to evolve their policies and procedures, along with reducing hours of operations to protect their staff. Trucking companies are trying to deliver to businesses that are closed or have changed their hours without providing notice. We need your help in keeping us informed of changes in hours or site procedures when drivers arrive to be loaded or offloaded. If a carrier arrives and a site is closed, they will return the product to the shipper at the shipper's expense. Communication and flexibility on pickups and deliveries will ensure we meet your requirements in a cost-effective manner. Truck drivers are doing an amazing job for all of us in a very difficult and stressful situation. Let's ensure we not only protect them during this time but help reduce their stress by effectively planning and minimizing inefficiencies.

Clearing customs between Mexico, the United States and Canada continues to be done expeditiously. All three governments are committed to keeping the borders open for commercial goods and essential travel. Quadra continues to clear shipments through customs with no issues. Our customs broker, Livingston, is doing a fantastic job of managing our day-to-day business as well as keeping us informed of any updates or changes.

Quadra will continue to work hard at maintaining our high level of service for both our suppliers and customers. During these uncertain times, we can all help by providing more lead time on orders and flexibility on pickup and delivery dates and times. We are all in this together and need to keep drivers working as safely and as efficiently as possible during this time.

If you have any questions or comments, please contact your Account Manager or Customer Service Representative.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. McQuat'.

Jonathan McQuat
Canadian Logistics Manager