

Customer Advisory: Novel Coronavirus – Update #7

Dear Valued Customer,

As more and more countries implement stricter measures to mitigate further spread of COVID-19, we experience further disruptions, not least on airfreight due to the majority of airlines ceasing operation of passenger aircrafts, and thereby limiting belly cargo capacity. In isolated cases we also experience disruptions on ocean freight and road freight, but overall not to the extent seen on airfreight.

With China continuing to recover and getting closer to operating at full capacity, we see other major countries now being impacted heavily, and latest India has announced a full general lock-down for 21 days. However as we speak, all ports and airports are preliminary only confirmed closed until March 31. As opposed to other lockdowns around the globe over the last weeks, ocean ports, CFS stations and airports are also impacted by the lock-down with all transports in and out of India coming to a near standstill, with the exception of a few high priority commodities as aid cargo and medical supplies. The situation in India is spreading to other sub-continent countries as Pakistan and Bangladesh. However, lockdown in these countries is not as severe as in the case of India with logistics facilities remaining open, albeit operating at a reduced capacity level.

An intensified situation in the US is also apparent with significant disruptions on the airfreight side due to suspension of passenger flights. Ocean freight and domestic transportation in the US continues to operate at a near-normal level. However, some level of disruption and subsequently delays can be expected on these transport modes as well.

For further details on specific countries and mode of transport see our overview on the next pages.

A new air charter solution from Nordics to US

As we remain committed to finding solutions to all current challenges, we are pleased to announce our new full charter airfreight solution from Nordics to US (Chicago) commencing first time on March 26 operated by SAS. We overall continue to see high demand on the US trade and have additionally secured capacity on charter flights out of Amsterdam to the US and back, ensuring we can lift all volumes in the weeks to come.

We are overall working 24/7 to create alternative routings in all impacted countries and not least to ensure that you are kept updated by your SGL representative on potential delays and disruptions.

Volatile rate development

As a result of the current situation, we also experience a very volatile market environment in terms of rate development, with the situation on some transport modes (especially airfreight) changing by the hour, as capacity becomes available or removed. In other cases, we see an implementation of specific surcharges with this being apparent on road freight in Europe and on ocean freight specifically for exports to Asia and US ex Europe.

Overall status for each transport mode

Airfreight

- Continued reduction of capacity due to passenger flights being restricted and this is now apparent across all major trades
- High rate volatility and significant price increases
- On Europe-US-Europe trade a big drive on the conversion of passenger flights to cargo flights
- Overall airfreight remains challenging with delays, alternative routing and increasing prices being the new normal

Ocean freight

- Continued blanking of sailing across trades as supply continues to exceed demand
- Equipment availability remains a challenge, as the continued blankings results in empty equipment not being shipped to the needed locations
- Implementation of equipment and imbalance surcharges is being done especially on exports from Europe, as well as on reefer equipment
- Overall ocean freight is operating relatively stable considering the general situation

Rail freight

- High pressure on rail capacity ex China/Asia to Europe as many customers seek to reduce lead time on high priority cargo
- Overall rail freight is working smoothly, and we continue to see a big demand for this product
- As a result of the significant increase in volume, we are very proud to announce the first departure on March 26, of a full block train with more than 45 containers for a number of our customers

Road freight

- Our trucks are still moving goods around Europe with minor delays due to closed borders and cancelled ferry departures with the exception of France, where a number of restrictions are in place all borders remain open for cargo movement
- Locally there are, however some new restrictions in effect. In certain countries, foreign drivers are not allowed into the country, which means that only native drivers can cross borders - this is currently the case in Croatia and Turkey
- Some effect on pricing is also apparent, and we are keeping customers updated on this as the situation develops
- Overall borders remain open for cargo movement, but naturally, some form of delay can be expected due to increased waiting times at the respective border crossings

Warehousing & E-Commerce

- CFS stations in China operating as normal
- CFS stations in South East Asia working close to normal with a few countries impacted by restrictions i.e. the Philippines, Thailand and Myanmar, but cargo is moving albeit with delays
- CFS stations in India closed until March 31 due to general lock-down
- CFS stations in Bangladesh and India operating with a skeleton staff, within and outbound cargo movement being restricted due to general lock-down
- All our warehouse facilities in Denmark and Sweden are operating as normal
- We have seen a significant drop in B2B orders from our customers due to the closure of retail shops, while our B2C orders remain stable
- Outbound distribution and last-mile delivery is operating basis business as usual
- Safety for our employees remains a top priority to avoid an outbreak of COVID-19 at our facilities hence strict mitigation measures have been implemented accordingly

All information in this advisory is offered to the best of our knowledge and is prone to change.

Yours sincerely,

Scan Global Logistics

General overview Asia, Pacific and Sub-continent

	CURRENT STATUS AT SGL OFFICES AND SUPPLY CHAIN ACTIVITIES IN RESPECTIVE CITIES/COUNTRIES	Dalian	Tianjin	Beijing	Qingdao	Wuxi	Shanghai	Ningbo	Xiamen	Guangzhou	Shenzhen	Hong Kong	Taiwan	Hanoi	Ho Chi Minh City	Manila	Phnom Penh	Bangkok
SGL office hours, staffing and open for business compared to normal circumstances	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
SGL business continuity plan (BCP) in place and adherence to local authorities, global recommendations and SGL HQ advices	Green - very well prepared Yellow - well prepared Red - somewhat prepared	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Customer disruptions to activities e.g. manufacturing and supply chain operations	Green - minimal impact Yellow - manageable Red - severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Customs authorities	Green - 100% work as normal Yellow - process delay occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Trucking , operations, drivers and equipment	Green - normal Yellow - restricted due to roadblocks, permits and shortage of drivers etc. Red - service severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Air-, Ocean and Rail carrier offices , open for business, response time etc.	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight capacities on major tradelanes	Green - plus 70% supply Yellow - around 50% supply Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	n/a	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	n/a	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight equipment availabilities	Green - no problem Yellow - medium problem Red - major problem	●	●	n/a	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●
CFS and warehouse	Green - normal operations Yellow - additional time required for cargo gate in and gate out due resources Red - service not available	●	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rail service	Green - schedules as normal Yellow - partial schedules cancelled Red - service not available	●	●	●	●	●	●	●	●	●	n/a	n/a	●	●	n/a	n/a	n/a	n/a

General overview Asia, Pacific and Sub-continent

	CURRENT STATUS AT SGL OFFICES AND SUPPLY CHAIN ACTIVITIES IN RESPECTIVE CITIES/COUNTRIES	Yangon	Penang	Kuala Lumpur	Singapore	Jakarta	Surabaya	Dhaka	Mumbai	New Delhi	Chittagong	Tokyo	Osaka	Sydney	Melbourne	Perth	Auckland
SGL office hours, staffing and open for business compared to normal circumstances	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
SGL business continuity plan (BCP) in place and adherence to local authorities, global recommendations and SGL HQ advices	Green - very well prepared Yellow - well prepared Red - somewhat prepared	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Customer disruptions to activities e.g. manufacturing and supply chain operations	Green - minimal impact Yellow - manageable Red - severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Customs authorities	Green - 100% work as normal Yellow - process delay occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Trucking , operations, drivers and equipment	Green - normal Yellow - restricted due to roadblocks, permits and shortage of drivers etc. Red - service severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Air-, Ocean and Rail carrier offices open for business, response time etc.	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight capacities on major tradelanes	Green - plus 70% supply Yellow - around 50% supply Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight equipment availabilities	Green - no problem Yellow - medium problem Red - major problem	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CFS and warehouse	Green - normal operations Yellow - additional time required for cargo gate in and gate out due resources Red - service not available	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rail service	Green - schedules as normal Yellow - partial schedules cancelled Red - service not available	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

General update US

	Condition as of today	Los Angeles	Seattle	Oakland	Chicago	Cleveland	Atlanta	New York	Charleston	Houston
Customs	Green - work as normal									
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●	●
	Red - serious delay						●		●	●
Ocean Freight Terminals	Green - running as normal schedule									
	Yellow - terminal congestion congestion	●	●	●	●	●	●	●	●	●
Ocean Carrier situation, Inbound	Green - no space issue & blank sailings									
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●	●
	Red - space issue, equipment imbalance & blank sailings seriously									
Ocean Carrier situation, Outbound	Green - no space issue & blank sailings									
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●	●
	Red - space issue, equipment imbalance & blank sailings seriously									
CFS and Warehouse	Green - running as normal schedule									
	Yellow - congestion and delays	●	●	●	●	●	●	●	●	●
	Red - service not available									
Trucking/Rail – pickup and delivery for ocean cargo	Green - work as normal									
	Yellow - delays	●	●	●	●	●	●	●	●	●
	Red - service not available		●	●	●	●	●	●	●	●
Airlines - Capacity, Inbound	Green - 70% ~ 100% of normal capacity									
	Yellow - 30% ~ 69% of normal capacity	●	●	●	●	●	●	●	●	●
	Red - less than 30% of normal capacity									
Airlines - Capacity, Outbound	Green - 70% ~ 100% Supply									
	Yellow - 30% ~ 69% Supply	●	●	●	●	●	●	●	●	●
	Red - less than 30% supply									
Airline Terminal	Green - running as normal schedule									
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●	●
	Red - process delay seriously						●	●	●	●
Airfreight Warehouses	Green - operation hours as normal									
	Yellow - additional time required for cargo gate in and gate out due to full scale of operation not being in place	●	●	●	●	●	●	●	●	●
	Red - service not available									
Truck – pickup and delivery for Airfreight cargo	Green - work as normal									
	Yellow - delays	●	●	●	●	●	●	●	●	●
	Red - service not available									
Rail Service	Green - schedule as normal									
	Yellow - partial schedule cancelled	●	●	●	●	●	●	●	●	●
	Red - service not available									

General overview Airfreight Europe

	Condition	DK	SE	NO	FI	DE	NL	BE	ES	FR	IT	CZ
Customs	Green - 100% work as normal	●	●	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally											
	Red - serious delay											
Ocean Freight Terminals	Green - running as normal schedule	n/a										
	Yellow - terminal congestion for reefer containers											
	Red - high to full yard density for empties & terminal congestion for reefer containers											
Ocean Carriers including Blank Sailings & Capacity	Green - no space issue & blank sailings	n/a										
	Yellow - space issue & blank sailings occasionally											
	Red - space issue & blank sailings seriously											
Airlines - Capacity Eastbound	Green - 70% ~ 100% of normal capacity	●	●	●	●	●	●	●	●	●	●	●
	Yellow - 30% ~ 69% of normal capacity											
	Red - less than 30% of normal capacity											
Airlines - Capacity Westbound	Green - 70% ~ 100% Supply	●	●	●	●	●	●	●	●	●	●	●
	Yellow - 30% ~ 69% Supply											
	Red - less than 30% supply											
Airline Terminal	Green - running as normal schedule	●	●	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally											
	Red - process delay seriously											
airfreight Warehouses	Green - operation hours as normal	●	●	●	●	●	●	●	●	●	●	●
	Yellow - additional time required for cargo gate in and gate out due to full scale of operation not being in place											
	Red - service not available											
Trucking	Green - Normal	●	●	●	●	●	●	●	●	●	●	●
	Yellow - apply permit & road block inspection											
	Red - service not available											

General overview Ocean freight Europe

	Condition as of today	DENMARK	FINLAND	NORWAY	SWEDEN	BELGIUM	GERMANY	THE NETHERLANDS	SPAIN
Customs	Green - work as normal								
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●
	Red - serious delay								
Ocean Freight Terminals	Green - running as normal schedule								
	Yellow - terminal congestion	●	●	●	●	●	●	●	●
	Red - high to full yard density for empties & terminal congestion								
Ocean Carrier situation, Inbound	Green - no space issue & blank sailings								
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●
	Red - severe space issue, equipment imbalance & blank sailings seriously								
Ocean Carrier situation, Outbound	Green - work as normal								
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●
	Red - severe space issue, equipment imbalance & blank sailings seriously								
CFS and Warehouse	Green - operation hours as normal								
	Yellow - CFS/Warehouse delays	●	●	●	●	●	●	●	●
	Red - service not available								
Trucking/Rail – pickup and delivery for ocean cargo	Green - Normal								
	Yellow - delays	●	●	●	●	●	●	●	●
	Red - service not available								

General overview Rail Europe

	Condition	Hamburg	Duisburg	Liege	Munic	Milano	Madrid	Mala	Budapest	Ceska Trebova	Helsinki	all CN hub*	Wuhan
Rail Service terminal	Green - as normal												
	Orange - slow down	●	●	●	●	●	●	●	●	●	●	●	●
	Red - close												
Rail Service Trucking	Green - as normal												
	Orange - congestion and slow down	●	●	●	●	●	●	●	●	●	●	●	●
	Red - service not available												●
Rail Service Capacity	Green - schedule as normal												
	Orange - partial schedule cancelled	●	●	●	●	●	●	●	●	●	●	●	●
	Red - service not available												
Rail Service Carrier	Green - as normal												
	Orange - home office or on shift	●	●	●	●	●	●	●	●	●	●	●	●
	Red - close												●

* Except Wuhan where to service is cancelled.

General overview Road Europe

		Status	European road traffic
General status	Green - 100% work as normal	●	Trucks are running and we can run business as usual with a delays at border in Denmark-Germany, Germany-Poland and Sweden-Norway.
	Yellow - Minor impacts		
	Red - Serious impact		
Ferry situation	Green - running as normal schedule	●	Fjord Line cancelled line Hirtshals-Stavanger-Bergen Color Line cancelled route Kristiansand-Hirtshals. Stena Line closed the route Oslo-Frederikshavn. Stena Line closed the route Trelleborg-Sassnitz. DFDS closed Copenhagen-Oslo. Color Line Kiel-Oslo has closed down.
	Yellow - slight delays		
	Red - No service / serious delay		
Capacity	Green - 70% ~ 100% of normal capacity	●	No capacity constraints so far. We have the trucks we need to operate. However Incoming flow of trucks has been reduced in particular Sweden, meaning it may be difficult to find one way trucks in a short notice. We start to see worrying signs that truckdrivers might be restricted in where they are allowed to go.
	Yellow - 30% ~ 69% of normal capacity		
	Red - less than 30% of normal capacity		
Leadtimes	Green - 100% work as normal	●	Expect longer leadtimes as there are queues on all european borders. Time definite deliveries may not be possible
	Yellow - Minor delay occasionally		
	Red - Serious delay		
Cost-effects	Green - Normal	●	At this point we dont have the full overview, but it is clear that due to the closed ferry routes, cost will increase in certain routes. Queues may also have an effect on the cost and thereby prices we are able to provide. We aim to deliver normal service all over, but warn that extra cost may occur with short or no notice. The SEK & NOK is falling against EUR and we are monitoring the impact of this. All customers are encouraged to make sure that the consignee of their cargo is open and can receive cargo. If we arrive at a closed office or factory, SGL will need to unload the truck and store the cargo for later delivery - on the expense of the customer.
	Yellow - Risk of increased cost on ad hoc basis		
	Red - Force majeure - all quotes are invalid. We only work on ad hoc pricing		
Government regulation	Green - Normal	●	All borders in Europe remain open for cargo passage. In France we have been informed that certain regions have banned distribution of everything but foodstuff. We are following the situation and will inform when we have more detailed news. Certain countries have made restrictions on non croatian drivers are allowed to enter Croatia if they have transitted certain specific countries. Turkey does not allow non turkish drivers into the country.
	Yellow - Minor disruption - can still deliver		
	Red - Full block of one or more geographic areas - no delivery possible		