



**Gexpro Services**  
9500 N. Royal Lane, Suite 130  
Irving, TX 75063

July 31, 2020

Dear Valued Customer,

Gexpro Services remains committed in doing everything within our control to maintain a robust and full supply chain capable of supporting our customer demands through these fluid times. First and foremost, we are focused on the health and safety of our employees, customers, and suppliers. Gexpro Services has implemented several temporary policy changes that include suspension of business travel, restriction of visitors at our sites, telework for non-essential employees, and implementation of site industrial hygiene protocols and symptom checks to mitigate the associated risks of COVID-19.

Gexpro Services has reviewed and continues to monitor national, state, and local Executive Orders and United States Government guidance related to the COVID-19 pandemic. As indicated in the United States Department of Homeland Security's Cyber and Infrastructure Security Agency ("CISA") April 17, 2020 publication, Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response Version 3.0 (updating the March 28, 2020 Version 2.0 and the March 19, 2020 Version 1.0), CISA defines workers needed to maintain the continuity of critical manufacturing functions and their associated supply chains as essential workers. Gexpro Services, in the performance of its production inventory management systems and supply chain services, supports critical manufacturing infrastructure business sectors that include medical, transportation, energy, communications, food & agriculture, and the defense industrial base. Therefore, per CISA's Guidance, Gexpro Services' supply chain services business is deemed an essential critical infrastructure business, and its employees supporting these functions are exempt from national, state, or local mandates to shelter in place or stay at home or other similar restrictions, in the performance of its business activities. As the stay at home orders expire, we only allow non-essential employees to return to the office with a defined business need, advance approval, and compliance to the same site industrial hygiene protocols as essential employees.

Since the end of January, we have been diligently working with key suppliers to evaluate impact at the factories in our global supply chain. We are also continuously evaluating any constraint on intra-country logistics, ocean shipping lanes, and air cargo as these restrictions can impact shipments in the affected regions. Below is a summary of the current supply chain impacts and status of our key supplier partners:

- Gexpro Services Sub-Supplier's Current Production Rate in Impacted Regions:
  - Asia – 99% (1 known Supplier Closure in India)
  - Europe – 99% (1 Known Supplier Closure)
  - Middle East – 100%
  - US – 99% (1 Reduced Output)
- Global Air Logistics - strained due to limited commercial flights to/from US. Costs are 3-5X higher than normal and transit times extended
- Global Ocean Logistics - Steamship lines continue to issue blank sailings to bring the demand and supply in line. Space has not been an issue for Gexpro Services as we have negotiated space on select trade lanes. However, rates have increased by 10-15%.

In collaboration with our account managers and customers, we have prioritized critical items and maintained delivery schedules by working together with each customer to evaluate stock levels and upcoming forecasted demands. As any potential disruption is identified, we are using reasonable endeavours to recommend alternate expedited shipping methods, manufacturers or comparable parts, if necessary, that will keep any additional costs related to mitigating the disruption reasonable for our customers.

This continues to be a dynamic situation and we will strive to keep you informed as more information becomes available. Your local Program Manager or Inside Sales contact will have the latest information on any parts potentially impacted.

Best regards,



Megan Rios  
Director, Sourcing & Procurement



Jeff Cline  
Vice President, Quality