



Copper State Bolt & Nut Co. – Coronavirus (COVID-19) operations & supply update

As of March 26, 2020

Copper State Bolt & Nut Co. continues to closely monitor the ongoing and ever-changing Coronavirus situation. It is our primary objective to ensure the safety and well-being of our employees and their families, our customers, and our suppliers. We are paying close attention to recommendations from the CDC, WHO, Federal and State governments, and other public-service agencies through this rapidly evolving issue.

The following is an outline of measures that we have taken to ensure continuity of business operations, ongoing supply of product to our customers, and safe workspace practices for our employees and business partners.

Essential Business

- Manufacturing and Hardware supply, as well as Distribution/Fulfillment operations, are recognized as “essential businesses” that are not subject to business closure orders by local, state, or federal government.
- Many of our customers also are engaged in “essential business” operations such as construction, mining, municipality, power generation, various types of manufacturing, and others. These customers depend upon Copper State to support their business with products and services.
- Copper State is exempt from State and/or locally ordered lockdowns of business operations, such as “shelter in place” orders, and will continue to operate in support of our customers and their essential business activities.
- As we continue to operate, we apply practices aimed at minimizing person-to-person contact, enhancing cleaning and hygiene operations, and other efforts as indicated below.

Business Operations

- Copper State operates out of nearly 40 locations throughout 10 states of operation. This wide geographical footprint creates a significant advantage in that we would be able to effectively manage a disruption in one branch, if there were to be one, by supporting customers out of another nearby branch.
- We are applying social distancing practices throughout all of our operations, including:
 - In our larger branches and distribution centers with 20+ employees we are enforcing employee separation practices such as strict shift-differential without overlap, strict separation of business functions and common-areas, and separation of large functional teams across multiple Copper State facilities where possible.
 - Assignments to some employees to work-from-home based on the nature of their position and effectiveness in working remotely and/or extenuating circumstances with child-care or personal risk factors.
 - Restriction of all air-travel. Employees are designated to work from only one branch and restrict any interaction amongst multiple locations.
 - Limitations of person-to-person contact in such activities as:

- Outside Sales: Attempt to interact with customers over the phone or online-meeting rather than face-to-face. When office or site visits are necessary, practice distancing barriers as recommended by the CDC.
 - Binstock/VMI: When visiting customer facilities to put away product or take new orders, keep distance from customer representatives. Attempt to exchange paperwork and information from a distance and practice distancing barriers as recommended by the CDC.
 - Delivery personnel: When delivering to customer facilities, keep distance from customer representatives. Attempt to exchange product, paperwork and information from a distance and practice distancing barriers as recommended by the CDC.
 - Will-Call: As of March 19 Will Call is only available for customers that have placed orders in advance, and are picking up product when ready. Walk-in customers are not permitted and customers will be asked to wait in the parking lot until their order is ready. Attempt to exchange product, paperwork and information from a distance and practice distancing barriers as recommended by the CDC.
 - Purchasing: Restriction of meetings and training events with suppliers. All supplier interactions to take place over the phone or via online-meetings rather than face-to-face.
 - Visitors: Restriction of un-planned visitors such as job-applicants, solicitors, or walk-in will call customers (as noted above).
- Modification to branch / facility operations:
 - Saturday Will Call hours are canceled effective immediately. This impacts branches in Phoenix, Tucson, and Yuma. This limits high-volume person-to-person interactions that are typical on weekends.
 - Extended shift hours in larger branches/facilities – This is to enable employees that may have difficulty with their current shift, given child-care responsibilities, to work some or all of their hours during extended hours. This is only possible in locations with more than ~15 employees such that safety and security of the facility can be ensured.
 - *For all of these operations, note that the strict shift-separation and functional separation practices described above are in effect*
 - Phoenix Main (already 24-hours of operation)
 - Manufacturing (already 24-hours of operation)
 - Annex / Back-office (extending to 14-hours of operation, 6am – 8pm)
 - Tucson Main (extending to 64-hours of operation, 4am – 8pm)
- Cleaning and Risk Mitigation
 - We have coordinated in advance with a risk management firm to assist with facility deep cleaning including office, warehouse, and manufacturing areas, in the event of suspected or confirmed contamination via an infected employee or visitor.
 - Cleaning practices have been altered to ensure that cleaning is performed by each individual for their personal workspaces, and by an individual that already regularly works in the building for common areas. We have temporarily suspended cleaning services from 3rd parties.

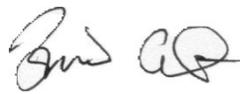
Continuity of Supply

- Copper State has been working with overseas factories, stateside master distributors, and domestic manufacturers to receive constant updates regarding any anticipated interruption in operations. Copper State carries significant inventory on hand in all our branches to support customers, and in most cases we will recognize this as a significant advantage should any supply-chains become compromised.

- Domestic Manufacturers, including our own Manufacturing Division: No significant interruption in operations is anticipated at this time. This will continue to evolve as schools are closed for extended periods throughout the U.S. and should any restrictions of workplaces be imposed by State or Federal governments.
- Stateside Suppliers: Similar to our Domestic Manufacturers, our stateside suppliers have not experienced any significant interruption in operations is anticipated at this time. This will continue to evolve as schools are closed for extended periods throughout the U.S. and should any restrictions of workplaces be imposed by State or Federal governments.
- Mainland China: Following Chinese New Year we experienced an additional 1-2 weeks delay in typical operations for many factories in China. We have since resumed most of the product flow out of Mainland China. We have recognized an increase in lead time with Chinese factories, compared to pre-CNY, and are planning accordingly.
- Taiwan, Korea, and other overseas Suppliers: We have not recognized interruptions in this portion of our supply chain, although we have recognized an increase in lead time with these factories.
- Imported product, in general: There have been restrictions placed on the days product arriving in various ports will be processed, and we anticipate that this will lead to some congestion and delays. At this time we do not have any specific impact or interruptions to identify.
- Freight: We have recognized restrictions on air-freight or expedited freight as these services are limited to the transportation of medical equipment and supplies. We anticipate there may be delays in some traditional freight activities though we do not have any specific impact or interruptions to identify at this time.
- Copper State's Purchasing leadership is in constant contact with our primary supplier and logistics partners and will continue to update our team and customers to any impact that may be expected.

We continue to monitor the Coronavirus situation and related impacts that it may have on our employees, our operations, or those operations of our customers and suppliers. We will continue to update this information as necessary. Should you have any specific questions that are not addressed above, please contact the branch you work most closely with.


Sarah Shannon


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