



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

November 17, 2021

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 any period of volatility. There is no single cause in the supply chain disruptions of late. All parts of the global logistics infrastructure – seaport facilities, shipping and air cargo routes, domestic trucking and rail systems – have all experienced constraints that are being compounded by shortages in labor across multiple industries. The challenges in global supply chains began to emerge before the COVID pandemic and economic lockdowns, and they only accelerated when the global economic engine was turned back on, and manufacturing and trade resumed. The Asia-to-U.S. trade route has been particularly impacted, with some vessels waiting for as long as two weeks to unload their cargo in Southern California ports. In turn, this led to cascading rail and trucking delivery delays.

Since the end of January 2020, we have diligently worked with key suppliers to evaluate impact at the factories in our global supply chain. We have also evaluated 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:

- Global Ocean Logistics – Vessel space allocation has become a challenge as global container demand exceeds vessel capacity. Even urgent sailings secured for 300-500% premiums are delayed up to four weeks at origin ports. Overall transit times have extended by six to eight weeks due to capacity constraints at origin, labor shortages, extreme congestion, and a lack of equipment to move containers at US ports. Industry experts predict the space constraints and rising costs will persist through March of 2022.
- Global Air Logistics – Strained due to limited commercial flights to/from US. Costs are 3-5X higher than normal and transit times extended.
- Product Costs & Lead Time Extension – A weakening US Dollar, coupled with raw material price escalations has led to an increase in product costs, specifically out of the Asia Pacific and with large import distributors in the US. US and Mexico manufacturers are also being challenged with raw material lead time extensions and price escalations. Volatility in the raw material market has resulted in some manufacturers refusing to quote new opportunities and/or limiting quote validity to one week or less. Depending on the product type, material composition, and country of origin, product costs are increasing by 7-100%. As countries across the world emerge from lockdowns, demand for products has skyrocketed and factories are at capacity. Manufacturing lead times have extended 60-90 days. Gexpro Services is factoring the lead time and transit time extensions in its planning to minimize disruptions in the supply chain.

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