

CHEP is working around the clock to minimize supply chain disruptions.



Dear Supply Chain Partners,

Global supply chains have seen unprecedented and unpredictable shifts since the Covid-19 pandemic began over a year ago. Throughout the pandemic, our dedicated employees at CHEP (having been deemed “essential workers”) have worked tirelessly to inspect, repair, and deliver pallets to help keep the global supply chain moving, and continue doing so every day. Currently, as you are aware, there is an increase in inventory holdings across the supply chain due to the volatility in consumer demand. As a result, CHEP has seen sustained high levels of pallet demand from existing customers and inventory stockpiling throughout the U.S. In addition, our industry is faced with increasing constraints in transportation, labor and lumber (driven by an increase in construction and housing activity).

When it comes to supply chain efficiency, collaboration and communication is key. CHEP’s commitment is to be an excellent and responsible supply chain partner/supplier to you and your customers. With that in-mind, we are working to provide the best service possible during these unpredictable times. Some of the actions we have taken and continue to advance, are:

- Significantly increased investments in our pool over the last quarter and year. We are recovering and relocating assets from surplus to deficit markets across the country through collaborative transport initiatives with our customers and logistics partners.
- Expanding our LTL program footprint to recover and relocate assets to regions with deficit supply.
- A cross-functional team of Operations, Asset Recovery, Legal, Logistics, Operations, Quality and Sales has been actively working with our manufacturer and retailer customers to better service the increased demand. We realigned our teams to support and communicate with our customers more proactively and consistently.
- Continued investment in leveraging our global procurement and supply chain to responsibly source and repair millions of additional assets, and raw materials to meet elevated demand levels.

We are experiencing an unpredictable back-order for inventory in certain regions and may not be able to confirm all fulfillment dates for your orders as normal. We sincerely apologize for this disruption, as this is not the level of service we are accustomed to providing our customers. We understand that you may need to temporarily source pallets from other suppliers to meet your needs more expediently.

CHEP is working around-the-clock to minimize disruptions to the supply chain and manage the effective

flow of our pallets and other platforms. This includes working with retailers to ensure empty pallets are returned to CHEP promptly to sort, repair, and re-issue to manufacturers, and making investments to support more inventory. We appreciate the support of our customers and partners during this time, and as always, we thank you for your business.

Kind Regards,

Jake Gilene

James Ryan

SVP, Sales and Customer Service

VP, Retail Supply Chain Solutions

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