

## GLOBAL SUPPLY CHAIN LOGISTICS – COVID-19 IMPACT

The Reynolds Company is committed to keeping you up to date on supply chain constraints, logistical challenges and commodity pricing fluctuations we are seeing in the marketplace. Our operations and logistics teams are working diligently to provide the most accurate and timely information possible, understanding this information is evolving weekly, or daily in some situations.

### **Inventory Management:**

Our teams are in consistent communication with our supplier partners to understand existing or expected stressors on their supply chains. These stressors could include materials shortages, logistics issues, and in some cases natural disasters. Many of our suppliers continue to face production and staffing challenges as they work to reestablish production levels and lead times to pre-pandemic levels. We are currently working with these suppliers to mitigate the impacts to you, our customers, and investigating alternate sourcing where possible. This information allows us to work together with our partners to mitigate these issues. Historically, our mitigation efforts have included collaborative delivery solutions, additional resources and inventory analysis and investment.

### **Logistics & Delivery Management:**

We are currently seeing delivery issues compounded by strong consumer demand. In addition, US freight carriers continue to see challenges with driver shortages, retention and recruitment. International cargo is being impacted as well. Congestion at US and Asian ports has increased lead times from 30 days to 60 days in some cases. The recent issues at the Suez Canal certainly haven't helped this situation.

Understanding these complications, our operations teams are working to minimize supply chain impacts for both materials and logistics/transportation. The Reynolds Company has increased base inventory levels and safety stock on constrained categories.

### **Pricing Impacts:**

Our pricing and purchasing teams are constantly monitoring spot commodity pricing trends and anticipating their impact on current and imminent orders. This information is disseminated across our organization to enable effective decisions by you as well as our suppliers and materials management teams. The volatility of commodity pricing and the impact of the logistical issues described above have created a record number of price increases from our suppliers. We continue to work to justify all pricing increases with our supplier partners and to mitigate impacts to you where possible.

### **Customer Focused:**

We will continue to follow these time-tested processes to help you navigate the current supply chain challenges. We encourage you to share specific challenges to insure we understand the practical impact on your operations and work together to find shared, creative solutions.

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