

To our valued customers:

The ongoing outbreak of COVID-19 has disrupted many facets of our personal and professional lives. We would like first to offer our hopes that you, your families, and communities remain safe and healthy. That said, as we move through this global crisis, we would like to give you an update regarding our business operations, and how they might affect your orders. Here are some key takeaways:

Shipments from Sun Coast Continue to Arrive on Time.

While this is subject to change as the situation unfolds, we do not currently see any widespread delays for shipments from Sun Coast. Should you have a specific concern about a particular shipment, be sure to contact your account manager.

Sun Coast Will Continue to provide Flexible Packaging Supply.

At this moment, we do not see a threat in supply from our Packaging Suppliers. We are, however, experiencing delays in transport as a result of port closures, and a disruption in the flow of containers.

COVID-19 is Having an Effect on our Lead Times for Flexible Packaging.

We have seen lead times for flexible packaging extend out an additional few weeks because of the virus. Because we have redundancies built into our manufacturing group, we have other qualified plants that can take over if one of our plants must temporarily cease operations due to the virus. Additionally, our Distribution Centers are in place for precisely a situation like this. The vast majority of our customers have prepositioned stock in one of our SQF certified warehouses. Our objective is that none of our customers see any disruptions.

We Have Some Concerns with Regards to Logistics/Transportation:

The supply of available equipment (locomotive and chassis) and driver capacity across all U.S. inland markets is insufficient to satisfy the 2021 increased demand. Full container (FCL) import volumes continue to increase month over month and drayage carriers servicing these inland markets have weeks of backlogged freight with an endless sea of freight arriving daily.

The primary factors that are exacerbating the current market condition include but are not limited to:

- Extensive free time tying up equipment
- Congestion due to increased import volumes and vessel schedule inconsistencies
- Increased container pre-pulls to avoid rail storage which ties up chassis

- Limited dual transactions and mandatory appointments
- Rail reservation systems fully booked weeks ahead and occasional rail embargoes with limited notice
- Constantly moving receiving windows at ports due to sliding vessel schedules
- Reduced throughput: no chassis equipment available at inland terminals
- Private pools located off site, which results in added driver time, increased miles, chassis splits and stop off charges
- Rail car shortages lead to continued rail dwell times

The entire U.S. inland market will continue to experience industry challenges ranging from longer container dwell time, demurrage, rail storage charges, chassis usage fees, splits and more. This is how Sun Coast is countering all of the delays:

- Recover our available containers as soon as possible
- Forecast and proactively communicate with our supply chain partners 4+ weeks in advance
- Emphasize facility flexibility to support driver fluidity at all rail ramps
- We consider warehousing/transloading options in lieu of containers sitting and accruing charges if/when possible
- Our factories remain flexible with planned loading dates to accommodate changing export receiving windows

What the industry hoped would be a short-term challenge is now forecasted to last much longer than expected. Sun Coast is committed to doing everything within our power to prevent delays from lasting longer than needed. We value our customers and understand getting our product to them takes precedent over other matters. We partner with multiple industry-leading freight forwarders, airlines and ocean shipping companies to ensure that our freight keeps moving in spite of all of the setbacks that continue to arise in US supply chains.

The Sun Coast Labor Force Remains Safe and Healthy.

All of our manufacturing plants are fully functioning and have frequent communications with us if their workforce and their communities have been affected. Our office personnel and distribution network are secured and currently in good health. We continue to operate as normal, with a focus on resolving any issues that have arisen and meeting customer demands.

Future Updates

We will continue to update this page over the coming days as needed. It is important to us that we remove as much uncertainty from your supply chain as possible. If you have any immediate questions or concerns, please feel free to contact your account manager or [reach out to us directly](#) at 1-800-785-0201