

JOINT STATEMENT



June 16th, 2021

COVID-19 AND ITS IMPACT ON LOGISTICS PENALTIES IN THE HOME IMPROVEMENT INDUSTRY DURING COVID-19

The European DIY-Retail Association (EDRA), the Global Home Improvement Network (GHIN) and the Home Improvement Manufacturers Association (HIMA) acknowledge the effects and the extraordinary breadth of the current worldwide Covid-19 epidemic and the impact the virus is having on the lives and health of its citizens, as well as on businesses around the world. They are also of the firm belief that life and health have, and always will have, preference over any economic interests.

Companies all over the globe are aware of the impact of Covid-19 on the supply chain, and in particular the volatility of demand having a direct impact on the ability of all players in the market to fulfil demand. The supply chain has been thoroughly disturbed, as we know: rising transport cost, shortage of transport capacity, increased prices of raw materials such as steel, wood, oil derivatives, are creating pressure on manufacturing plants worldwide and the production of goods in China, as well as its ability to supply the global markets. Today, the results of Covid-19 pandemic pose a risk to supply chains all over the world. It is therefore essential that all stakeholders in the supply chain work together to continue to supply our consumers with products with the least disruption possible. At the same time, we must take every measure to protect our consumers and employees from possible infection of Covid-19.

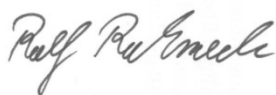
We believe that, in this most unpredictable situation, we must all work together in a fair and practical manner. Only by working together, and exchanging all possible data, can we ensure the best results in bringing essential goods to consumers around the world.

The Covid-19 pandemic has caused significant disturbance in the world's economy. The international supply chain, especially from China, has experienced tremendous strain. Many companies have been struggling to receive component parts or products and goods due to production shutdowns or have had delays in shipments. Further to this, the Ever-Given incident in the Suez Canal is still having a huge impact. Numerous companies depend on well-timed shipments to fulfill time-sensitive orders to customers and could be at risk of penalties should these shipments not be fulfilled. Other companies that are facing difficulties due to huge price increases have had to raise their own prices to maintain normal profitability.

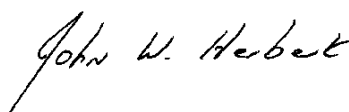
The dependence on production from China varies from company to company. Currently, some EU manufacturers and suppliers, whose production and order fulfilment are highly dependent from China, are facing penalties on late shipments from retailers. Further to this, European based plants are facing equal challenges, despite them being closer to market. When goods are not available from China, manufacturers and suppliers must do all they can to find procurement alternatives to try and fulfil their contractual obligations with their contract partners and must inform them of any delivery bottlenecks or supply chain disruptions. A good exchange of supply chain data is a must.

In this regard, we are calling upon all stakeholders in the supply chain network to find reasonable solutions in the event of possible delivery bottlenecks and supply chains disruptions during this most difficult period, and not resort immediately to legal means and rapid fill rate penalties. Good consultation, mutual understanding and open communication are key. The ability, openness and flexibility to offer alternative products at short notice, and the possibility to review supply contracts in order to cover difficulties in fulfilling existing contractual obligations by force majeure clauses, can help ensure a comprehensive supply of products to consumers.

In summary, we are only able to reduce the risks in the supply of products if we all work together. Constructive and fair partnerships from all supply chain stakeholders will enable this, and by doing so, we will be able to continue to jointly fulfil the needs of the consumer.



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