EXECUTIVE ADVISORY

Sourcing Market Report Q4 2023

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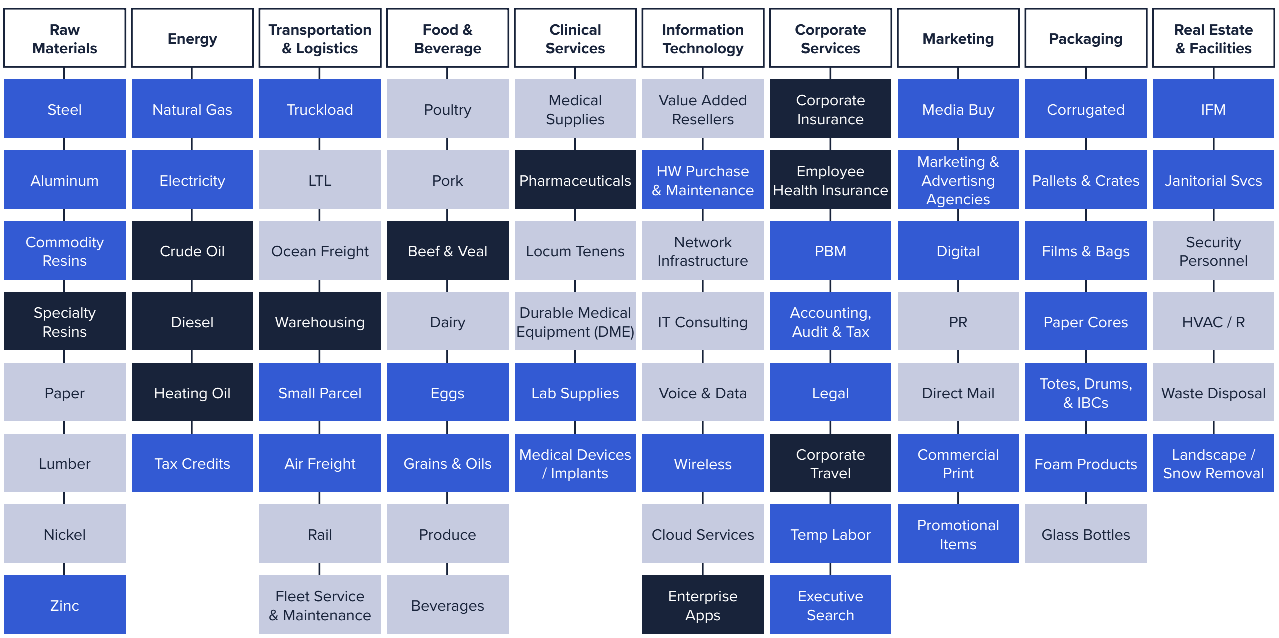
SOURCING HEAT MAP

Insight Sourcing tracks procurement and sourcing category trends through our collective experience. Our consultants are organized in Centers of Excellence, by sourcing category, and they track market trends in real-time to bring a unique, real-life view to market research and commodity indices.

This category heatmap reports our findings on a quarterly basis in each sourcing category.

Today, we're seeing the global economic slowdown continues to put downward pressure on prices in many sourcing categories.

Categories with rising prices can still provide opportunities for procurement wins through creative sourcing levers.



Legend

- Falling Prices: *Opportunity to drive price savings*
- Rising Prices: *Focus on non-price levers in sourcing activity*
- Insignificant Changes: *Relatively neutral market*

Direct Materials Market
Q4 2023

EXECUTIVE SUMMARY

Metals

- Steel prices continue their downward trend in Q3 2023, further decreases could be expected depending on the outcome of the UAW strike.
- Aluminum prices began to increase slightly at the end of Q3 2023, significant increases are not expected due to weak demand and the UAW strike.
- Many steel and aluminum purchasers may look to purchase increased volumes while rates are lower than projections.

Resins

- Resin prices began to stabilize at the end of Q3 2023, September PP and PE prices increased 10% and 6%, respectively, over the previous month.

Food & Beverage

- CPI increases have slowed significantly compared to prior three years, however, PPI for Food Manufacturers has moved upwards at an increasing rate, typically a leading indicator of consumer facing prices.
- Outside of standard volatility and seasonally fresh dynamics (protein, produce, dairy), pricing appears to be stabilizing. Staples and pantry items continue to trend upward with price increases.

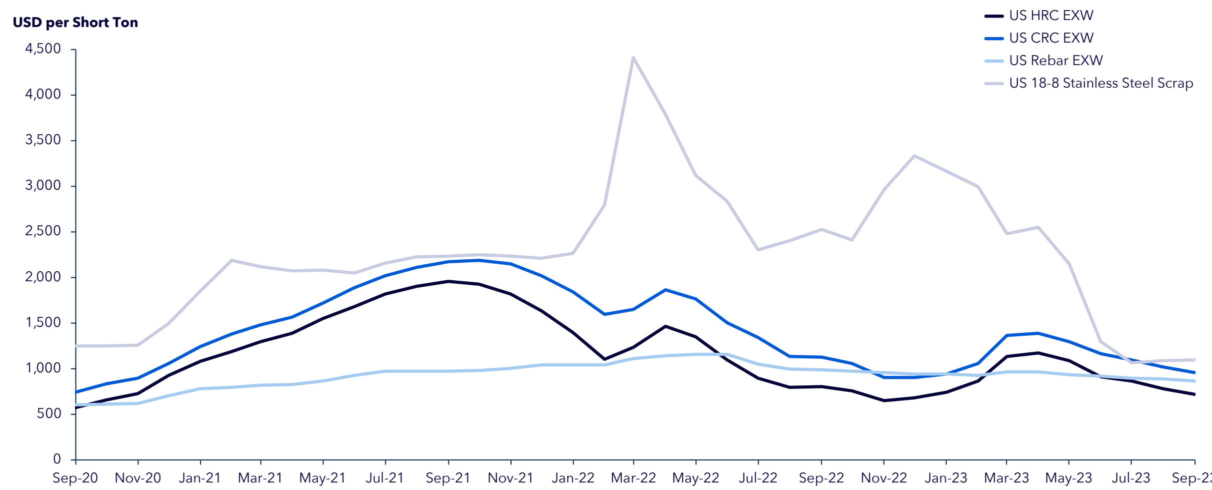
METALS MARKET UPDATE

METAL	MARKET STATUS
Steel Scrap	↓
Aluminum	↓
Nickel	↓
Zinc	↓
Hot Rolled Steel	↓
Cold Rolled Steel	↓
Steel Rebar	↓
Copper	↔

MARKET STATUS[1]	DESCRIPTION
↓ Buyer's	Represents commodities with a clear downward price trend in recent months, and supply / demand dynamics and other market pressures indicate the trend should continue
↔ Hold	Represents commodities with relatively flat or inconsistent trends in recent months, and / or market pressures do not provide a clear indication in either direction
↑ Seller's	Represents commodities with a clear upward price trend in recent months, and supply / demand dynamics and other market pressures indicate the trend should continue

[1] *Market status is based on recent price trends and other current market information, but are not a guarantee of future commodity performance. Insight Sourcing is not responsible for any deviations from the communicated market status.*

FERROUS METALS



Source: Platts

Steel Scrap

Market Status: Buyer's

- Steel Scrap increased 1% MoM and has decreased 57% YoY.
- Falling US coil prices and union strikes have offset a modest rise in raw material demand and a resurging export market ahead of October's ferrous scrap trade.
- October's Trend Indicator is at a bearish 45.6, signaling a 3.1% monthly price drop with most respondents attributing this to reduced scrap demand.
- Early 2024 forecasts indicate prime scrap grades expected to outperform other grades moving into the new year.

Steel Rebar

Market Status: Buyer's

- Steel Rebar prices decreased 3% MoM and has decreased 12% year over year.
- Steel Rebar futures hover near 6-week lows due to financial concerns in China's property development sector.
- Despite challenges, JPMorgan believes China's steel consumption will persist and be driven by their robust infrastructure development plans.
- Steel Rebar's high correlation with the resilient construction industry is the main reason its prices have been less volatile than other steel markets.

Sources: Fast Markets; Platts; London Metal Exchange, International Trade Administration

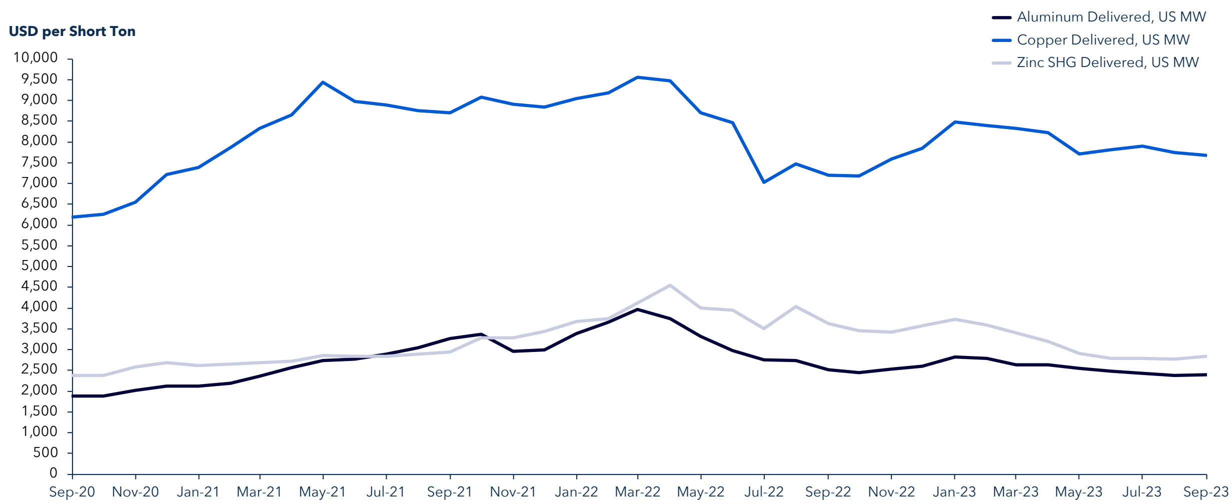
Hot + Cold Rolled Steel

Market Status: Buyer's

- Hot Rolled Steel decreased 8% MoM and has decreased 11% YoY.
- Cold Rolled Steel decreased 6% MoM and has decreased 15% YoY.
- US steel prices, mill lead times, and foreign steel imports have continued to decline month over month, signaling a broader US steel market decline.
- Elevated interest rates have increased the cost of holding inventory, increasing U.S. companies' reluctance to commit to future steel volumes.
- UAW strike has potential to significantly weaken demand, which is already lower than supply.
- Despite stimulus efforts, stagnant Chinese Steel prices indicate a continuation of the downward trajectory.

Sources: Fast Markets; Platts; London Metal Exchange, International Trade Administration

NON-FERROUS METALS



Source: Platts

Aluminum

Market Status: Buyer's

- Aluminum increased 1% MoM and has decreased 5% YoY.
- Aluminum is highly sensitive to macroeconomic factors and has been influenced by central banks' interest rate hikes and other contractionary policy.
- UAW strike could decrease aluminum prices further but also holds the potential to increase secondary aluminum prices as the big 3 automakers hold a substantial portion of the recycled aluminum supply market.
- China's recent stimulus and India's focus on infrastructure development has the potential to bolster the Aluminum market in the future.

Copper

Market Status: Hold

- Copper decreased 1% MoM and has increased 6% YoY.
- Weak demand, high interest rates, and a poor global economic environment have analysts pessimistic about the copper market.
- Copper prices declined 5% during the UAW strike in 2019, prices should be followed closely for the remainder of the year.
- Both Europe and the U.S.'s manufacturing sector has continued to contract and kept demand for copper low.
- Copper's essential role in electrical grids, combined with a rising focus on renewable energy is expected to boost its demand in the long term.

Sources: Fast Markets; Platts; London Metal Exchange, Wood Mackenzie

Nickel

Market Status: Buyer's

- Nickel prices decreased 5% MoM and has decreased 15% YoY.
- Nickel prices have hit a two-year low and are projected to continue their downward trajectory due to a supply surplus.
- Chinese nickel sulphate producers are converting their excess nickel sulphate to nickel metal which will further increase the surplus and drive down Nickel prices.
- Nickel producers are cutting production and negotiating with buyers directly, which increases the likelihood of price volatility over the short-term.
- Declining market, procurement teams should look to test the market and/or negotiate for lower prices with current vendors.

Zinc

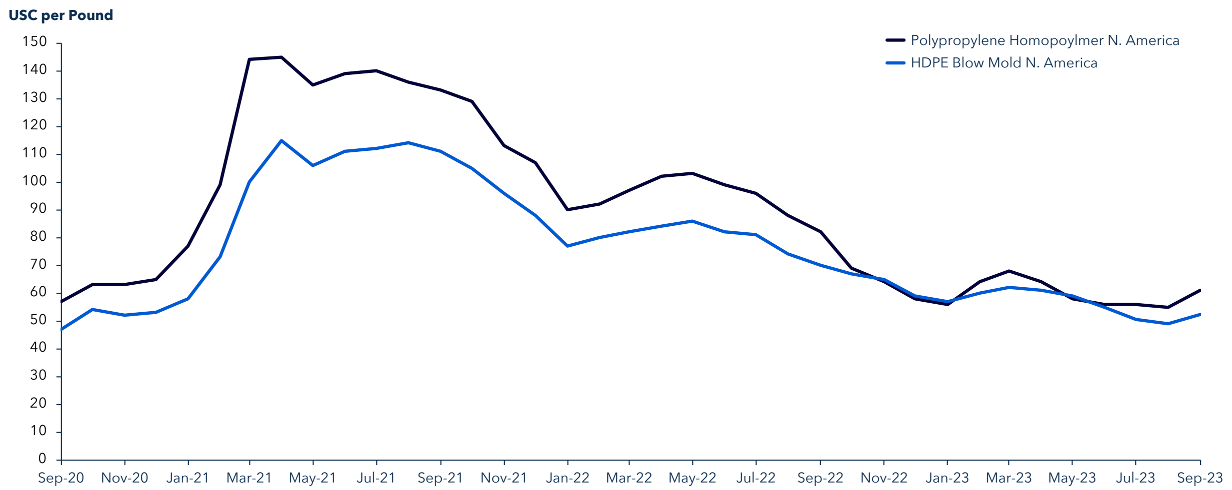
Market Status: Buyer's

- Zinc prices increased 3% MoM and has decreased 22% YoY.
- Europe's dramatic decrease in demand for Zinc along with China's slow economic recovery post-covid has kept demand low.
- Although Zinc prices have risen slightly this month, there have not been any fundamental changes in the evidence that points towards continued contraction.
- Market remains lower than past few years. Procurement teams should look to test the market and/or negotiate for lower prices with current vendors.

Sources: Fast Markets; Platts; London Metal Exchange, Wood Mackenzie

RESINS MARKET UPDATE

POLYPROPYLENE AND POLYETHYLENE



Polypropylene (PP)

Market Status: Buyer's

- Polypropylene increased 10% MoM and has decreased 25% YoY.
- While Polypropylene prices increased 10% MoM, market prices are still significantly lower than price levels seen over the last 3 years.
- If the UAW strike continues to impact production at the current rate, it's estimated that the demand for Polypropylene from the big three U.S. automakers could decrease by 26,000 tons, based on H1 2023 volumes.
- Despite achieving peak sales in August for 2023, sales for September have slowed down. Supply remains steady even with industry operating rates remaining below 80% for the last 13 months through August.
- U.S. demand for recycled Polypropylene is experiencing a downturn that is in line with broader macroeconomic shifts and affecting both the Polyethylene and Polypropylene market.

Polyethylene (PE)

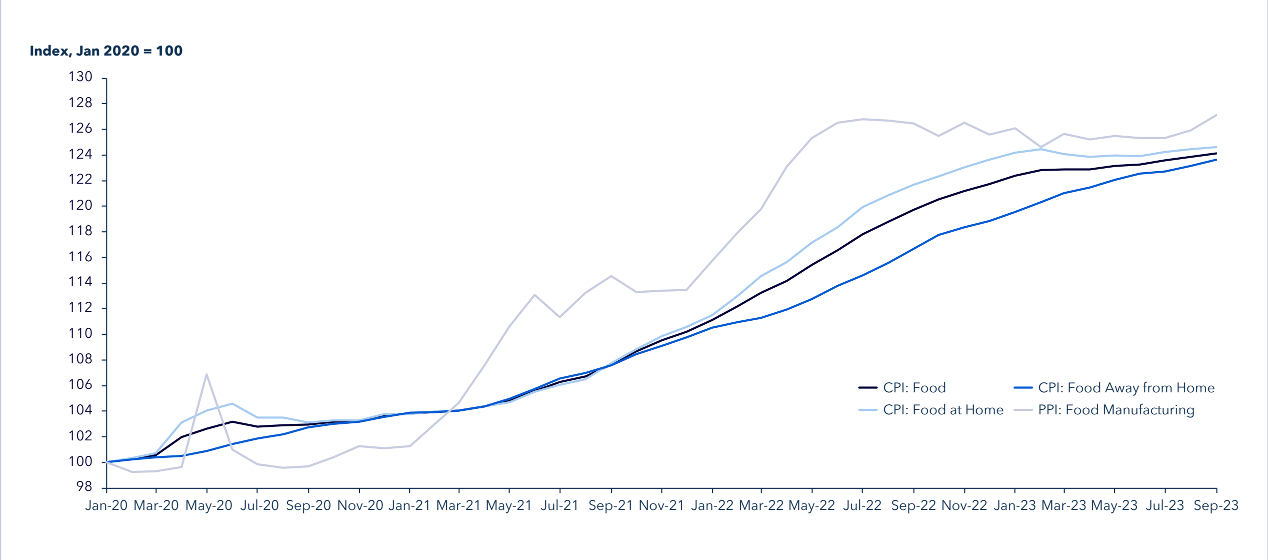
Market Status: Buyer's

- Polyethylene increased 6% MoM and has decreased 25% YoY.
- U.S. Polyethylene contract prices increased in September by $0.03/lb due to rising integrated production costs and a slight boost in domestic demand.
- Disruptions in Ethylene production and decreases in Polyethylene production capacity are expected to keep prices steady in the near term.
- Bayport Polymers, a dominant plastics producer in the industry, has created a new plant in Bayport, Texas that has the ability to produce 625,000 metric tons per year of Polyethylene.
- U.S. spot export prices for Polyethylene remain stable with only HDPE high molecular weight grade seeing a slight drop due to strong pricing that have led to an influx of this product into the market.

Source: ProPurchaser, RBN Energy, Plastics Technology, Plastics Today; Conversations with Market Participants

> Food pricing remains historically elevated; PPI has shown an upward trend since summer, leading to potential consumer facing price increases in coming months.

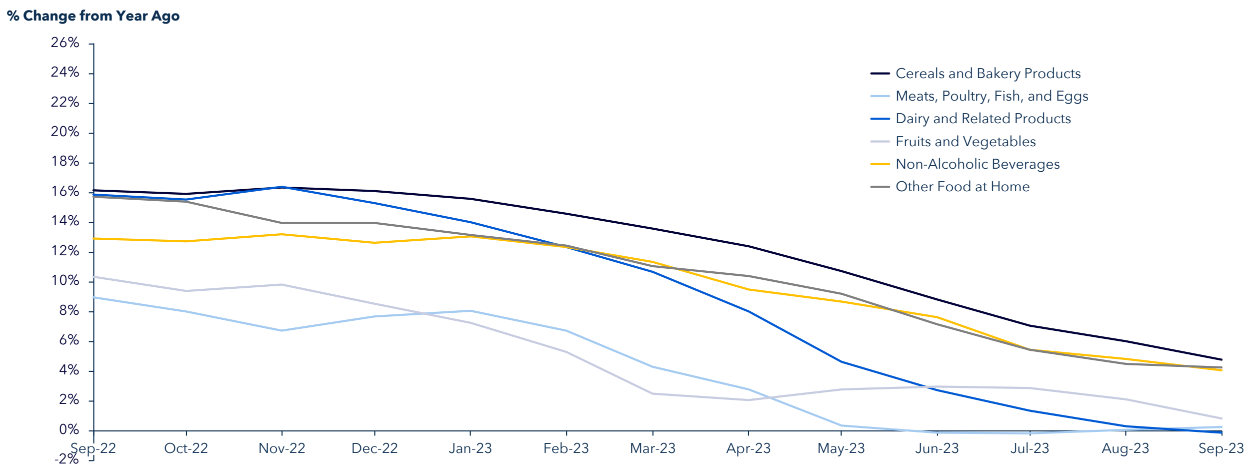
CONSUMER AND PRODUCER PRICE INDICES



Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis
Notes: CPI reported monthly, seasonally adjusted; PPI reported monthly, not seasonally adjusted

> Price increases on fresh products have flattened out over the past year, while non-perishable products continue to see prices increase.

CPI AT HOME, BY CATEGORY



Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis
Notes: CPI reported monthly, seasonally adjusted

Fresh: Proteins, Eggs, Dairy

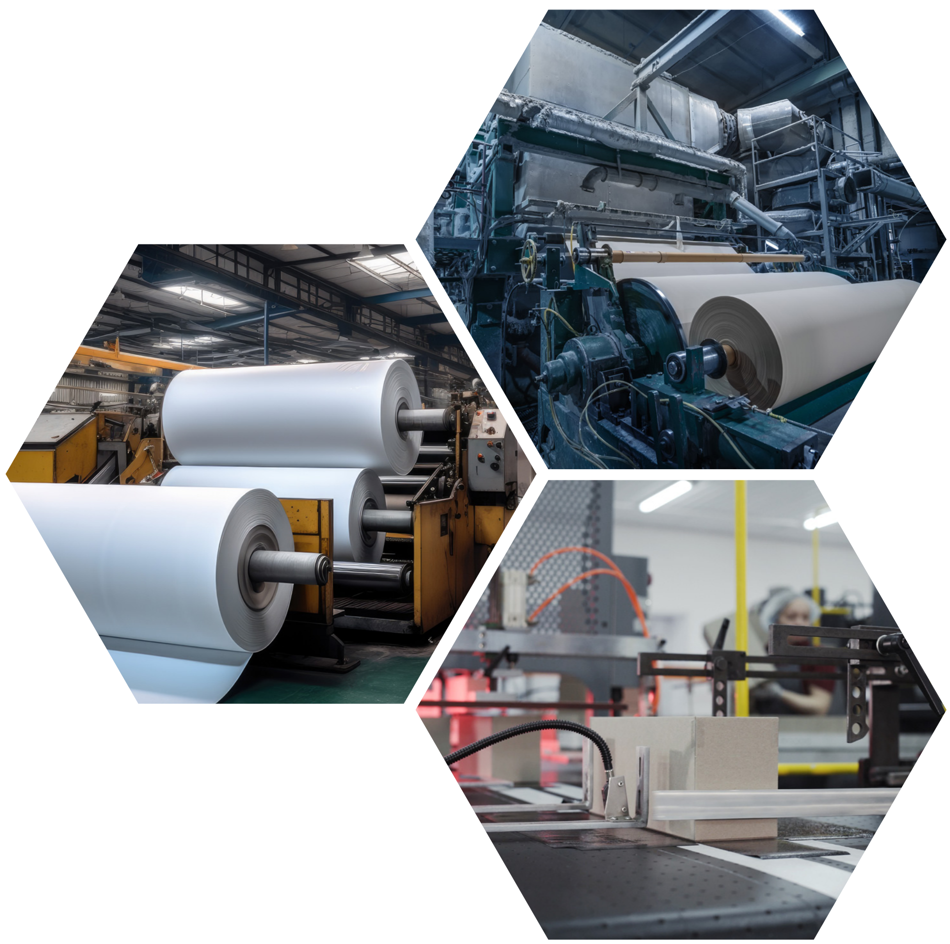
- In beef, live cattle futures and meat cutouts are showing upward trends. As we approach the holidays, expect standard seasonal increases.
- Poultry demand continues to be softer than expected, leading to some price decreases (breasts and tenderloins). Expect demand to bounce back and pricing to stabilize near recent 5-year averages, but still remain lower than pricing we have seen in the past 18 months.
- Pork export sales should pick up, but pricing should remain in line with historical averages and remain below last year's highs.
- Egg prices remain down 75%+ in 2023.
- Butter remains significantly elevated and while we may be near the top of the market, it is expected to hold pricing above 2022 highs, and almost a whole dollar higher than the most recent 5 year average.
- Futures for butter, nonfat milk, and dry whey continue to strengthen.

Pantry: Oils, Grains, Non-Alcoholic Beverages

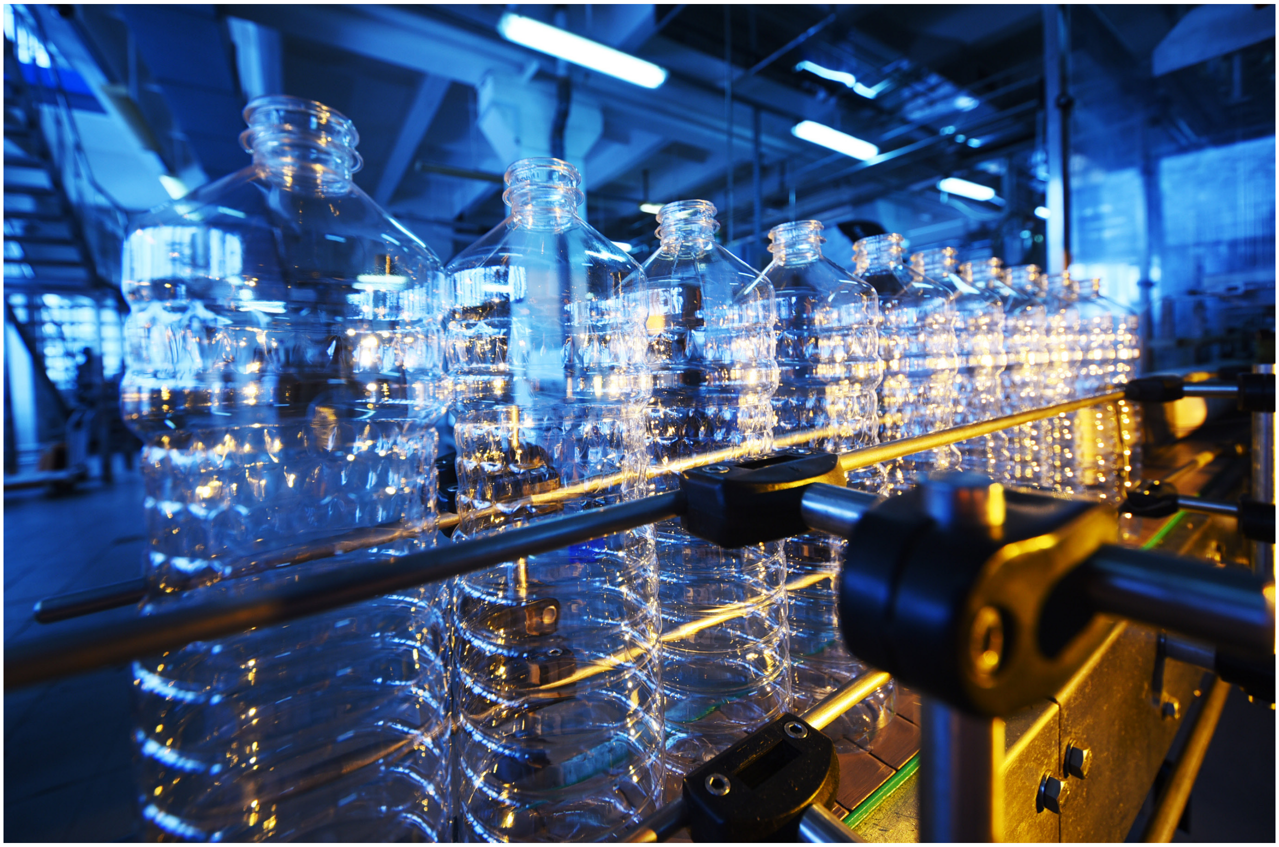
- In grains, geopolitical conflicts continue to create a sense of unknown in the grain markets; however, the potential challenges of non-U.S. wheat exporters provides some optimism that U.S. wheat prices will rebound from near-three-year lows currently experienced. Concerns about South American production declines due to drought conditions could also support increased wheat prices.
- Soybean oil remains down 10%+ in 2023 and has shown some decreases recently, upcoming reporting should be watched to assess direction of pricing.
- Sugar remains elevated and 2024 bookings should be complete; any coverage still to be acquired runs the risk of paying premiums over significant increases seen this year.
- Arabica coffee prices are near two-year lows; robusta prices have shown moderate strengthening in recent weeks; orange juice pricing remains elevated amidst supply constraints related to disease and weather – domestic output in FL is trending toward the lowest volume seen since 1936-1937.

Sources: U.S. Bureau of Labor Statistics; U.S. Department of Agriculture; CME; ArrowStream; Conversations with Market Participants

Packaging Market Q4 2023



EXECUTIVE SUMMARY



- **Corrugated:** Sales of cardboard boxes remain down 10%+ YoY; long-planned new capacity coming online in parallel with concerns around consumer sentiment that can drive corrugated demand suggests market has not yet reached a bottom and further relief is likely into 2024.

- **Pallets:** Significant softening continues since late 2022 in both new and recycled pallet markets with most pallet depots still working through excess inventory but expected to approach a bottom in coming months – significant opportunity to lock in longer-term pricing at market floor in Q4 2023.

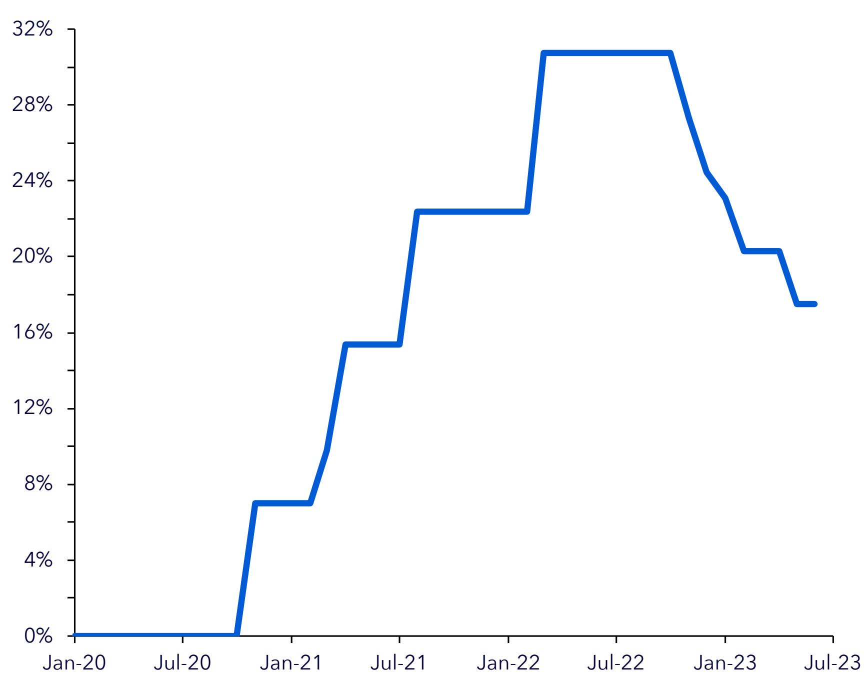
- **Plastic Packaging:** Key inputs HDPE and PP are down 20%+ YoY, driving down production costs on bags, films, and bottles. There is a continued emphasis on shifting to more sustainable packaging solutions. Pricing relief could extend further – if the UAW strike continues to impact production at the current rate, it's estimated that the demand for Polypropylene from the big three U.S. automakers could decrease by 26k tons.

- **Paper Cores & Tubes:** Approximately 70% of core costs are driven by key input fiber; .020" Bending Chip index is down ~10% YTD with further relief expected.

CORRUGATED MARKET UPDATE

- Sales of cardboard boxes have been declining over the past year; YoY sales of corrugated down 10%+ with suppliers remaining concerned about demand and further pricing relief expected.
- Indices that underly price adjustment mechanisms for Corrugated are down ~15% since Q4 2022 with additional relief expected into 2024.
- Planned merger of major packaging companies WestRock and Smurfit Kappa announced in Q3 2023 - from a sourcing standpoint, little to be concerned about near-term as it relates to packaging sourcing given demand slow-down and continued existence of competitive supply base despite merger.
- Suppliers continue to be interested in securing contracts and booking business into the future to minimize the risk of underutilization given broader economic concerns; while standard agreements will contain mechanisms (e.g., formulaic pricing adjustments based on RISI 42 lb. Linerboard index) to capture market relief, significant opportunity beyond index-driven relief is available for organizations willing to test the market via a competitive event.

LINERBOARD, % CHANGE FROM JAN 2020

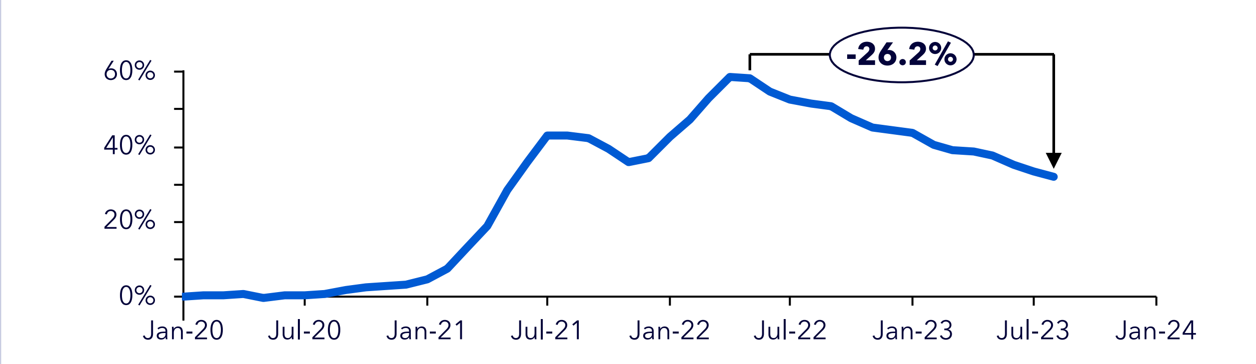


Sources: American Forest and Paper Assn., Freightwaves, Conversations with Market Participants, ISG COE Analysis

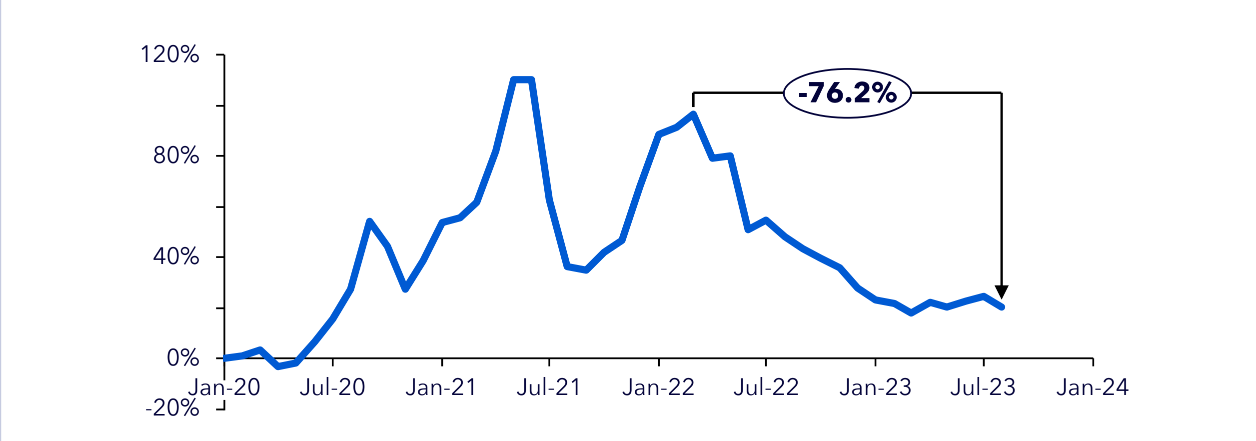
PALLETS & CRATES MARKET UPDATE

- Significant contraction in pallets markets continue since late 2022 in both new and recycled pallet markets; in certain instances, market pricing for pallets is 50%+ lower YoY.
- New pallet pricing softening in line as lumber prices stabilize to new normal from the pandemic lumber "bubble"; driven by slowing new housing market and reduced interest in home remodeling and renovations.
- Severe correction in recycled pallets markets in general, although specific recycled pallets market dynamics will vary by locale – pallet yards still working to offload excess inventory in many markets and downwards pressure continues, although pricing is expected to approach a floor.
- Consolidation within the industry continues in 2023, including by national, PE-backed pallet management companies (e.g., 48forty Solutions acquisition of Taylor Pallets & Recycling, Kamps acquisition of Pal-King).
- Many organizations has shifted to month-to-month or quarterly RFQ strategy in 2023 to continuously capture market relief; however, expectation is that market is approaching a bottom and a shift back to an annual RFP should be considered to lock in at floor prices.

PPI: WOOD PALLETS; % CHANGE FROM JAN 2020



PPI: LUMBER, % CHANGE FROM JAN 2020

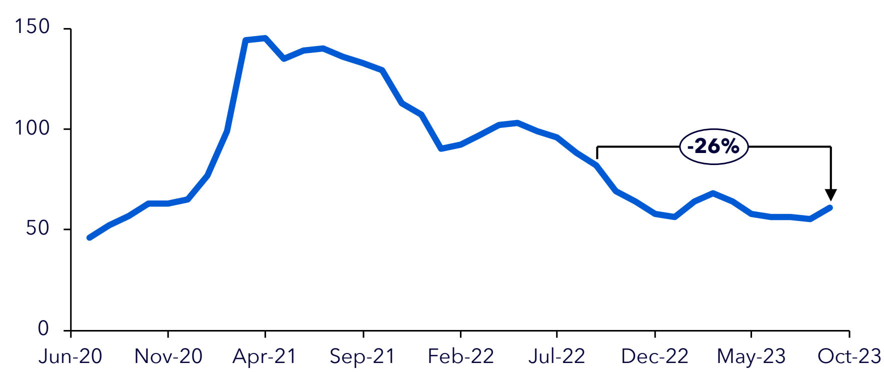


Sources: FRED, Conversations with Market Participants, ISG COE Analysis

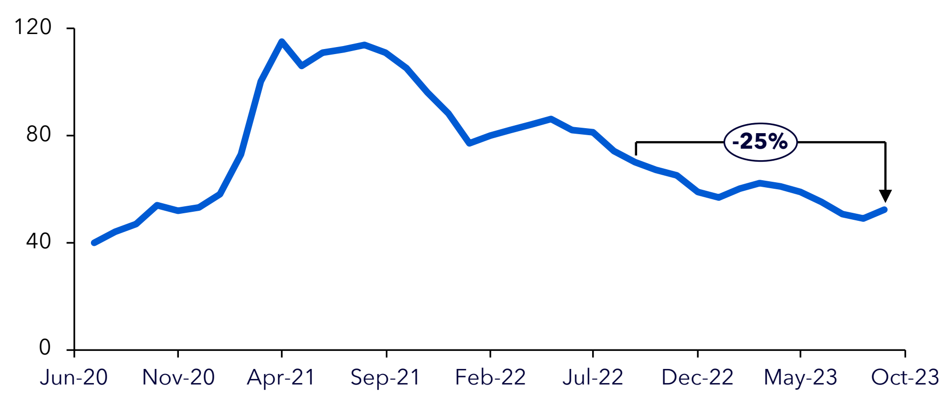
PLASTIC PACKAGING MARKET UPDATE

- While Polypropylene prices increased 3.6% MoM, they are still down ~30% since Sep 22'.
- If the UAW strike continues to impact production at the current rate, it's estimated that the demand for Polypropylene from the big three U.S. automakers could decrease by 26,000 tons, based on H1 2023 volumes.
- Despite achieving peak sales in August for 2023, Polypropylene sales for September have slowed down. Supply remains steady even with industry operating rates remaining below 80% for the last 13 months through August.
- U.S. demand for recycled Polypropylene is experiencing a downturn that is line with broader macroeconomic shifts and affecting both the Polyethylene and Polypropylene market.
- U.S. September Polyethylene contract prices increased by $0.03/lb due to rising integrated production costs and a slight boost in domestic demand.
- Disruptions in Ethylene production and decreases in Polyethylene production capacity are expected to keep prices steady in the near term.

POLYPROPYLENE HOMOPOLYMER N. AMERICA



HDPE BLOW MOLD N. AMERICA

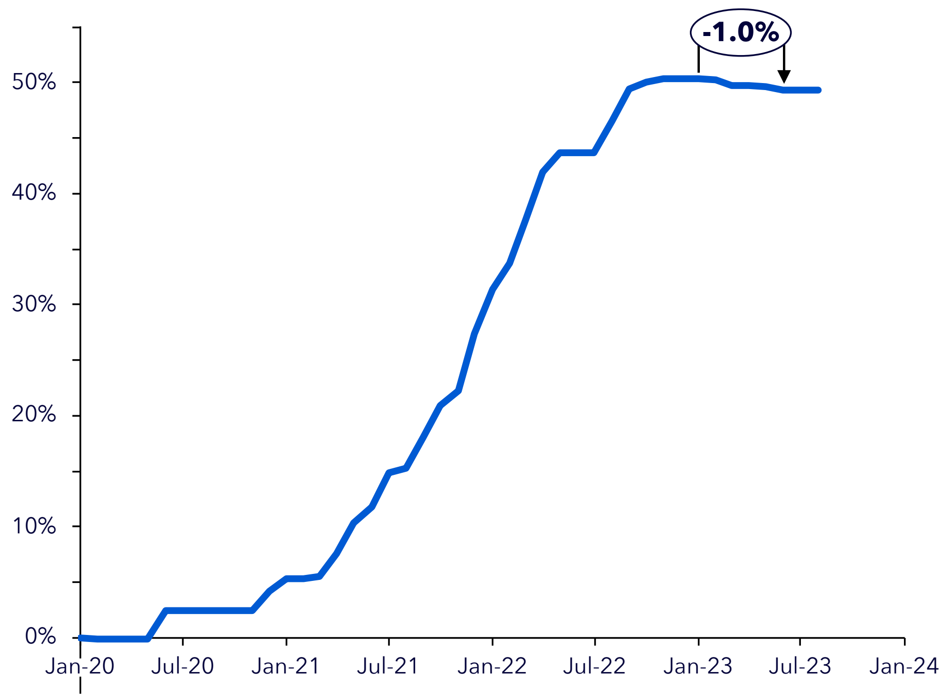


Sources: FRED, Plastics Today, Conversations with Market Participants, ISG COE Analysis; Prices shown are in cents

PAPER CORES & TUBES MARKET UPDATE

- Paper Cores & Tubes prices have stabilized and even softening after a multi-year run of consistently rising costs.
- Approximately ~70% of core costs are driven by key input fiber. The .020" Bending Chip index, which tracks fiber pricing and frequently drives contract price adjustments for large core buyers, is down 8% YTD with further relief planned.
- Market share is dominated by two large global players – Sonoco and Greif – although a subset of regional or national players have been aggressively pushing for market share; in addition, Abzac (French-based cores producer) materially entered the US market via consolidation of U.S. operations with Nagel Paper in 2022.
- As prices have inflated over past 3 years, the business case for insourcing the cutting of cores to size has strengthened. This is a relevant market dynamic to consider for buyers of various length cores.

PPI : FIBER CORES & TUBES, % CHANGE FROM JAN 2020



Sources: FRED, Conversations with Market Participants, ISG COE Analysis

Transportation Market
Q4 2023

EXECUTIVE SUMMARY

- UPS and Teamsters agreed to a new contract, narrowly avoiding a strike. FedEx announced a 5.9% GRI for 2024 and UPS quickly followed suit. This increase is lower than many expected and lower than what UPS likely wanted while absorbing higher labor costs.
- The LTL market has tightened, meaning less capacity and higher rates, following the bankruptcy of Yellow in August. However, carriers are seeking to win new business and grow market share. Coupled with declining manufacturing production, this will likely contribute to falling LTL rates in 2024.
- The dry van market may have found its bottom, having finally ticked back up a couple of cents per mile, but is still down nearly 50% since January 2022; Shippers should still expect to see strong savings on any rate negotiations or sourcing events.
- After an increase in rates through the first part of peak season, the trans-Pacific ocean freight market has begun to decrease and is expected to remain soft throughout the rest of 2023 and into 2024 as the market contends with excess capacity.

SMALL PARCEL

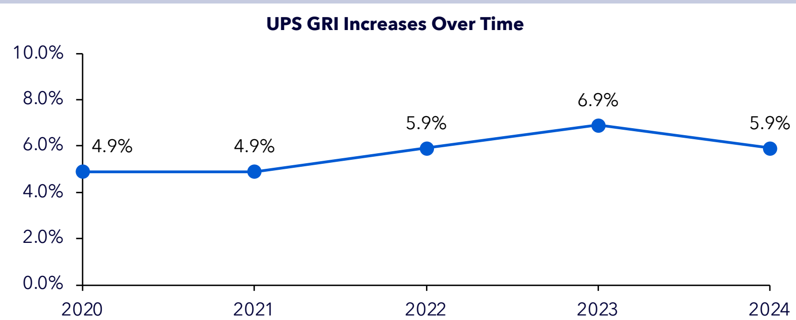
Current Environment

- Teamsters ratified the new UPS labor contract on August 22nd, avoiding a potentially devastating strike.
- FedEx announced a 5.9% freight rate increase for 2024 which UPS immediately matched. Insight Sourcing has saved several clients over $1M by renegotiating rates after the signing of the UPS Teamsters contract.
- The FedEx 5.9% increase indicates that FedEx is ready and willing to win on price against UPS.
- Many UPS shippers that had moved volume over to FedEx will likely be going back to UPS now the contract negotiations are finalized.
- FedEx and UPS are prioritizing shippers with ideal shipment characteristics and are reducing surcharge discounts for bigger, bulkier shippers.

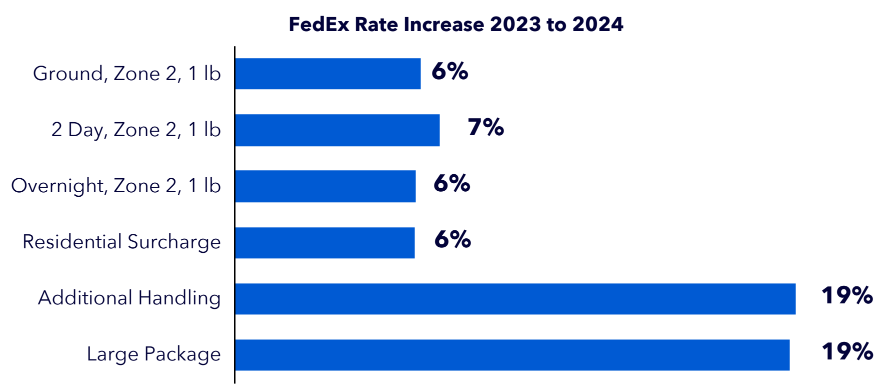
Future Projections

- Shipment volumes have come down to pre-pandemic levels due to lower demand and consumers going back to purchasing at brick-and-mortar stores.
- With the threat of a UPS strike behind us, shippers should be looking to renegotiate key terms of their contracts, especially if they signed their last contract when FedEX and UPS held all the pricing leverage.
- UPS appears more willing to negotiate on rates in order to shore up customers.
- Expect FedEx and UPS to compete aggressively on price over the next 12 months due to lower shipping volumes.
- Insight Sourcing advises that shippers take advantage of current buying power by competitively bidding or, at a minimum, negotiating rates.
- Insight Sourcing continues to recommend looking at regional carriers and DHL to drive savings and reduce the risk of a sole carrier strategy.

UPS RATE INCREASES



FEDEX RATE INCREASES



Sources: Freightwaves, Sifted; Parcel Industry; Refund Retriever; Unishippers; Chainalytics; FedEx; Reuters

LESS THAN TRUCKLOAD (LTL)

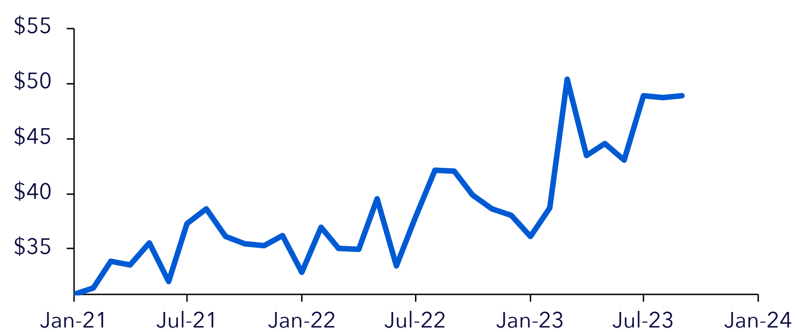
Current Environment

- YRC declared bankruptcy on Aug 7 2023 and many LTL shippers had already shifted significant shipment volume to backup carriers prior to bankruptcy.
- With reduced volume in the first half of the year, YRC's volume was able to be absorbed by other carriers without impacting the market.
- With reduced capacity during the busy season, there has been a slight uptick in the average LTL base rate, which could hold until the end of 2023.
- With tighter capacity, some LTL carriers have been selective about the freight they ship and Insight Sourcing has seen a decreased participation rate in recent RFPs.
- LTL relies heavily on manufacturing, and the ISM Production Manufacturing Index (PMI) remains below 50%, indicating that there has been a slowing of manufacturing production and thus continued lower volumes in LTL.

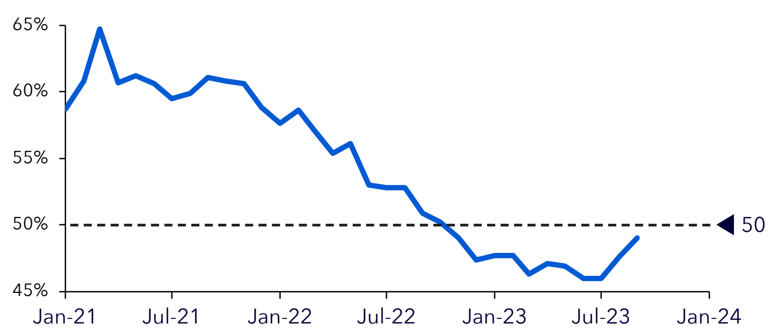
Future Projections

- We anticipate there will be increased capacity along with economic pressure post-holiday season. These two elements could be key drivers of downward pricing pressure for contract rates in 2024.
- Shippers should consider regional and micro-regional carriers in addition to national carriers, as they can provide strong service at a competitive price and are an option to disperse previous volume with YRC.
- National carriers (namely Estes and ODFL) and regional carriers alike will see the YRC bankruptcy as an opportunity to grow their businesses and will be aggressive in acquiring YRC's assets.
- Additionally, the carriers will begin to price freight more competitively in order to win a share of YRC's historical volume with LTL shippers.

AVG. REPORTED LTL CONTRACT BASE RATE ($) PER 100 LBS



ISM PRODUCT MANUFACTURING INDEX



Sources: Institute for Supply Management; FreightWaves SONAR, Uber Freight

DRY VAN TRUCKLOAD

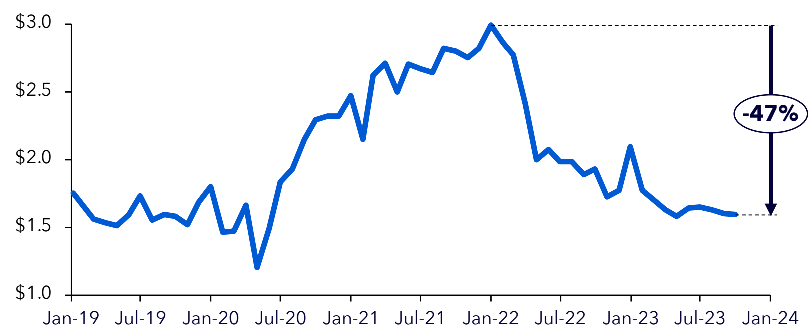
Current Environment

- Dry van linehaul rates have dropped nearly 50% from %3.00 per mile in January 2022 to $1.59 per mile in October 2023.
- The Outbound Tender Rejection rate, which is a measure of how often a carrier turns down a shipment for which they have been awarded, has fallen to a love of 3.6%, which is even lower than the pre-pandemic average of 7%..
- Trucking volumes have trended downwards in 2023 as consumer spending continues to shift from goods to services, falling 2.8% from January 2023.
- Fuel prices have gone up slightly the last quarter but are signficantly lower than a year ago.
- Insight Sourcing has completed multiple truckload projects in the current shipping environment and have seen savings in excess of 15%.

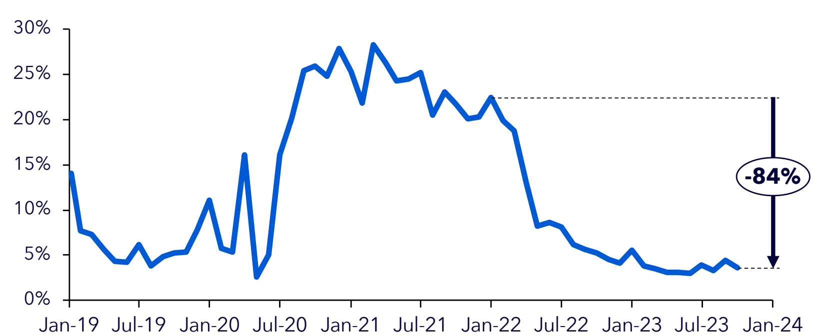
Future Projections

- With tender rejection rates at an extreme low and outbound volume down, shippers should expect much more leverage with their carrier base in rate negotiations.
- Insight Sourcing recommends carriers shift to a 7 MPG escalator to reduce fuel surcharge costs, as trucks have become more fuel efficient.
- With the potential for a slowdown in the economy, Insight Sourcing expects freight rates to stay lower for the foreseeable future.
- After the typical busy season of August to October, we expect there will be some capacity opening up, which will stabilize rates going into 2024.
- Despite the 2023 market constraints, Insight Sourcing has driven savings by soliciting rates from non-incumbent and smaller incumbent carriers by both implementing the new carrier rates and by utilizing those rates to negotiate with the larger incumbents.

LINEHAUL WITHOUT FUEL (2019 – 2023)



OUTBOUND TENDER REJECTIONS (2019 – 2023)



Sources: Freightwaves SONAR

FLATBED TRUCKLOAD

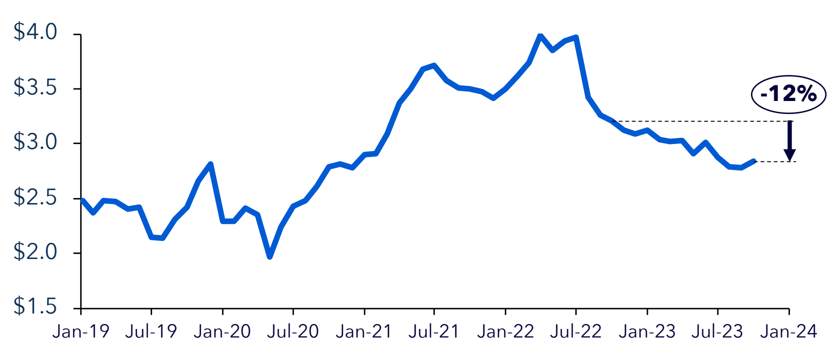
Current Environment

- Flatbed prices are now well below where they were a year ago after dropping 12% in the last 12 months, but have remained relatively flat for the past few months.
- Part of this is due to seasonal demand dropping, as the typical busy construction season has ended, and some is due to an overall slowing of the economy.
- Outbound Tender Rejections, which is a measure of how often a carrier turns down a shipment which they have been awarded, has fallen to a two year low of ~7.5%
- Flatbed load to truck ratio, which is the number of loads available to the number of trucks available, is at the lowest it has been since 2020. Current ratio is reporting at under 7%, but has historically been as high as 97%.

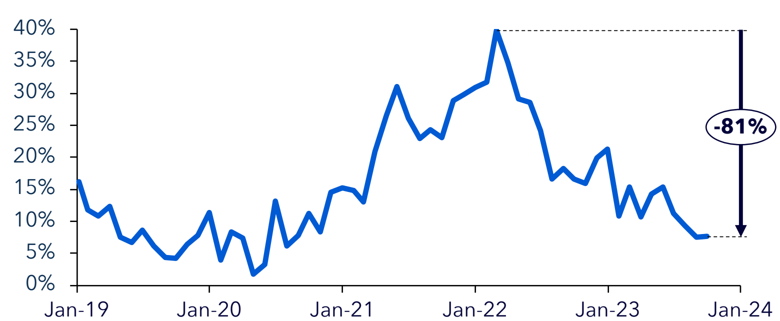
Future Projections

- Insight Sourcing expects flatbed rates to remain depressed throughout 2023.
- Manufacturing makes up a large portion of flatbed shipments, and manufacturing indices have trended lower in recent months.
- Building markets are expecting a slow 2023 which is also a key segment for flatbed shipping.
- The summer 2023 busy season was subdued with rates remaining stable throughout the summer, largely due to overall market conditions.
- Due to declining rates and expected further declining demand, shippers should consider a sourcing event end of 2023 / first half of 2024 if they are not already doing so.

FLATBED RATE ($ PER MILE) YOY (2021 – 2023)



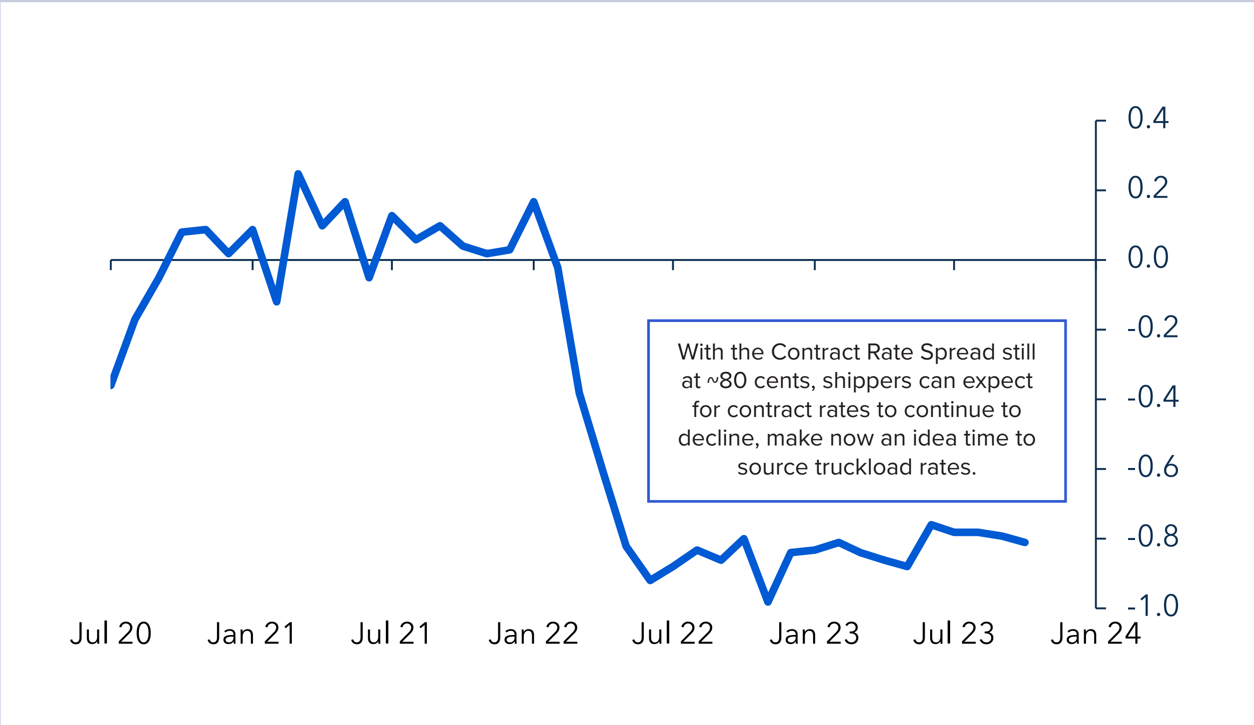
OUTBOUND TENDER REJECTIONS YOY COMPARISON (2021 – 2023)



Sources: Freightwaves SONAR

TRUCKLOAD — SPOT VS. CONTRACT

RATES INDEX – SPOT (LINEHAUL) TO CONTRACT RATE SPREAD



Sources: Freightwaves SONAR

What It Shows and What It Means

- The RATES index shows the difference between spot and contract rates. When the index is a positive value, capacity is tight with upward pressure on contract rates, but when the index is a negative value, there is downward pressure on contract rates.
- The index crossed from positive to negative in mid-February and has declined significantly since.
- Declining Truckload rates are not just a spot market phenomenon – it extends to contract rates as well.

OCEAN FREIGHT

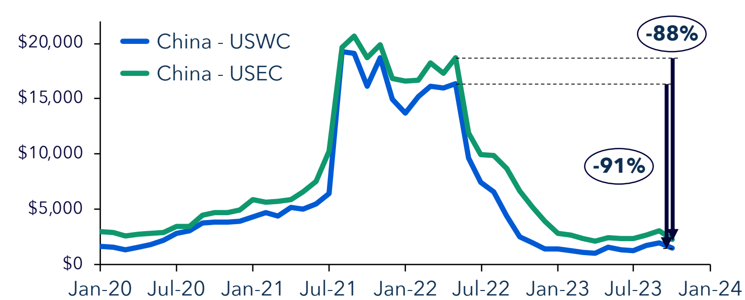
Current Environment

- After significant decreases in trans-Pacific spot rates mid-to-late 2022, rates have remained relatively flat since the start of 2023, nearing pre-COVID levels.
- After several months of gradual rate increases throughout peak season, spot rates have begun to fall over the past month, with rates from Asia to the USWC and USEC down 16% and 13% respectively.
- Trans-Pacific carriers continue to increase blank sailing rates in an effort to slow rate declines. 317k TEU of capacity has already been announced for October, equating to ~14% of total trans-Pacific capacity.
- U.S. import volumes saw a gradual increase over the course of the first half of the year and through the start of peak season, but volumes are expected to slow going forward as U.S. consumer demand decreases.

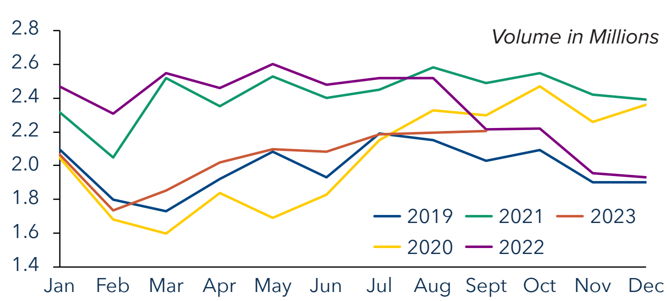
Future Projections

- Peak season volumes remained extremely tempered relative to typical years due to continued excess inventories, leading to expectations of continued rate softness through the remainder of the year.
- Capacity is scheduled to increase as much as 25% to the U.S. West Coast and 35% to the East Coast in the coming months, creating a significant threat of overcapacity and further downward pressure on rates.
- Low water levels in the Panama Canal will limit container volume throughput and bring risk of upward pressure on East Coast rates.
- Shippers should begin preparations to negotiate annual contract rates in Q1-Q2 of 2024 to take advantage of an over-supplied market and expected soft contract rates.

FREIGHTOS OCEAN SPOT RATE INDEX



US CONTAINER IMPORT VOLUME (TEUS, 2019 – 2023)



Sources: American Shipper; JOC.com; Freightos Baltic Daily Index China-USWC and China-USEC, WSJ, Pacific Merchant Shipping Association, Descartes, DHL

RECENT SOURCING RESULTS

TRUCKLOAD

$300M manufacturer of foodservice products

- Company had long-term entrenched 3PL partner with a high service record.
- Conducted competitive RFP to test incumbent and take advantage of market dynamics.
- Incumbent 3PL reduced pricing significantly due to competitive pressure.

21% SAVINGS

LTL

$900M global manufacturer of saw chains, accessories, and parts

- Introduced new carriers through a competitive RFP while also establishing standard tariff, FAK, fuel, and accessorials.
- Drove savings and transit time improvement by shifting intra-regional routes from national carriers to niche regional carriers.
- Collaborated with shipping facilities to consistently allocate shipments to least-cost carrier.

16% SAVINGS

AIR & OCEAN

$8B provider of software, hardware, and services for financial services and retail industries

- Shifted the strategy from monthly pricing updates with no competitive pressure to a competitive RFP while locking in 3-month rates.
- Resulted in strong savings by putting the primary incumbent under competitive pressure for the first time in 2 years.
- Reallocated spend to take advantage of strengths in freight forwarders' networks.

26% SAVINGS

SMALL PARCEL

$200M manufacturer and distributor of instruments and controls

- Shifted from a dual sourced strategy with FedEx and UPS splitting the volume to a strategy of one primary domestic carrier and one international partner.
- Negotiated lower rates with domestic incumbent by negotiating stronger discounts on highest spend service types.
- Introduced international provider with stronger service and significantly lower cost.

44% SAVINGS

ABOUT INSIGHT SOURCING

Insight Sourcing is home to the largest team of dedicated sourcing experts in North America exclusively focused on procurement optimization and Procurement Value Creation™.

Our unique blend of procurement specialization, market leading Category Centers of Excellence, and proprietary digital accelerator, Insight TechAssist, has helped countless corporations and Private Equity firms develop tailored strategies to drive results.

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