



# Ordering Cut-Off: Upfitting Standby Statement

**February 23, 2021**

As the impact of the industry microchip shortage evolves, Element is continuing to monitor the situation daily in order to provide clients with timely and transparent information and the consulting expertise you rely on us for.

We are working with clients on an individualized basis to:

- Deliver updates on existing order status as it is made available to us;
- Advise on new orders including model year and upfitting options to consider given the circumstances; and
- Advise on the risks related to order cancellations and potential unexpected, incurred costs.

## **Special note to clients with upfitting requirements**

There is developing risk that OEMs may cancel orders with upfit. In that event, fees associated with cancellation or restocking may be charged to the client.

Based on this development, Element is working closely with clients to:

- Carefully consider the risks of placing upfit orders at this time.
- Element will work with you to weigh the risks of having an order in queue versus the potential for a charge resulting from an OEM's cancelled order.

Element is also engaging directly with the OEMs to seek solutions related to the impacts resulting from their order cancellations.

As we work with our clients to plan their next steps, we are also reminding them of the importance of preventative maintenance of existing vehicles.

Looking ahead, many order banks still remain open for model year 2021 vehicles and Element is here to help you navigate this situation.

We will continue providing updates as they are made available to us and contacting impacted clients directly.