

June 3, 2019



## **System Sensor Inflation Surcharge Effective June 5, 2019**

Dear Valued Customer:

System Sensor remains committed to the development and manufacture of industry leading fire and life safety systems.

During 2019, our portfolio has continued to evolve in the context of a changing economic climate. Like many manufacturers, Honeywell Fire Systems is increasingly impacted by new trade tariffs and global supply chain constraints.

The latest tariffs imposed by the US Government on shipments made from China, on and after May 10<sup>th</sup>, 2019 are up to 25%. These are higher, and across a much broader range of products than previously seen. These tariffs immediately increased the cost of raw materials in our supply chain to a level which we can no longer absorb.

In addition to this, we are impacted by the recently announced tariffs on goods imported into the US from Mexico.

As a result, we regret to inform you that we will be applying an Inflation Surcharge of 2.5% to the total invoice value on all orders entered on and after June 5<sup>th</sup>, 2019. The Inflation Surcharge will be applied automatically on every order, and will appear on your order acknowledgement and invoice as "Inflation Surcharge 2.5%".

Given the dynamic nature of tariff negotiations, we will continue to closely monitor the situation. If further tariff expansions occur, we will send separate communications outlining the timing, implication and any necessary adjustments to the Inflation Surcharge. We will also be monitoring the government and trade negotiations to evaluate any potential opportunities for relief.

On behalf of everyone at System Sensor, thank you for your business and continued loyalty.

A handwritten signature in black ink, appearing to read "Stephen Ames".

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