

Carrier EMEA SAS

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Rueil Malmaison, November 12th, 2021

Dear Customer,

Our priority remains to serve you despite the current extraordinary supply chain challenges.

Back in early 2020 at the start of the pandemic, Carrier Commercial Refrigeration (CCR) fought to secure the same high level of service as in normal times despite all sanitary requirements. Whether this meant accommodating to your postponed store remodelling projects, holding high level of finished goods inventories, or rescheduling deliveries and commissioning, we adjusted to your constraints to help you in those unprecedented times.

In 2021 the fast economic recovery has put global supply chains across all industries under major struggle, resulting into a vicious cycle of components shortages and inflation. CCR has also suffered major materials and components inflation, painful supply shortages and unexpected last minute breakdowns. We appreciate your flexibility on adapting your own planning to longer lead times and your understanding on sometimes unaccurate deliveries.

Since June 2021, CCR has fully focused on a two-fold action plan involving the entire company : on one side to manage supply shortages, through actions like escalation plans with existing suppliers, appointing new suppliers, qualifying alternative components and further parts commonality, and even "out of the box" sourcing actions like buying on spot markets, etc ; and on the other side, deploying additional manufacturing resources through larger assembly teams operating at maximum legal shift cadence.

Even if lead times and delivery accuracy are not yet back to normal levels, the improvement trend is firm and we are looking forward to even higher production robustness moving forward into 2022.

Coming back to inflation, back in May, we informed you about a price adjustment of +5%, to reflect only the first part of our products cost increases. Since then, commodities' prices further increased and now remain structurally stable at historically high levels (steel +106%, copper +49% compared to end of 2020), while inflation has reached all materials and all other cost components ; electronics, freight, labour, and energy just to mention a few.

Consequently, we are obliged to further adjust our pricing with an average of +10%, applicable immediately on new quotes and on outstanding quotes still not confirmed as firm orders.

Your CCR sales representative will be contacting you shortly to discuss the implementation.

Thank you for your business and continued confidence.

Cordially,

Adrian Forastier
Food Retail General Manager
Carrier Commercial Refrigeration EMEA