



Dear Valued ACS Customers,

Due to global economic conditions beyond our control, we have been forced to make some changes to our surcharge policy.

The changes are market driven and described below:

- 1- **VAT Rebate Elimination**- In April 2021, China eliminated 10-13% VAT rebate on carbon and stainless steel thus driving the overall market price up. As this is/was unrelated to commodity prices for nickel, chrome, iron etc., it was not captured by prior surcharge calculations.
- 2- **Freight Surcharge**- the cost to move freight has risen remarkably over the last 12-24 months. Using the FBX index referenced below, we have gone back 1.5 years to set a baseline or trigger point to apply a freight surcharge.
 - a. <https://fbx.freightos.com/freight-index/FBX>
- 3- **Energy Surcharge**- we will follow ArcelorMittal energy surcharge rates published each month as this an independent & globally recognized supplier.
<https://industeel.arcelormittal.com/services/alloy-surcharges-for-stainless-steels/>

We certainly recognize the challenges any cost increases present. These steps were taken out of necessity.

We wish you a happy & healthy New Year.

Best Regards,

ACS Management