

July 26, 2018

## Customer update on US China trade tariffs

Dear customer,

Premier Farnell is working diligently on solutions to the tariffs proposed and enacted by the Office of the United States Trade Representative (USTR) for specific goods imported into the United States from China. I am writing to provide an update on how Premier Farnell is addressing this complex and fluid situation to ensure supply chain security and as minimal disruption as possible for our customers. This update covers:

- [List 1 products](#) (USTR-2018-0005) on which 25% tariffs went into effect on July 6.
- [List 2 products](#) (USTR-2018-018) open for comment until July 23. It is projected that the 25% tariffs on these products will be imposed in the second half of August.
- [List 3 products](#) (USTR-2018-0026), published on July 10, which includes an additional \$200 billion of Chinese imports subject to 10% tariff.

### Our commitment to minimizing customer impact

A common question our customers ask is which products that they purchase from Premier Farnell are impacted. We can currently provide you data— past transactions and backlog —on impacted or potentially impacted products based on HTS codes and Country of Origin (COO). As our suppliers refine their proactive reporting to us, we will incorporate new information and continuously improve the data that we report to you over time.

We are committed to minimizing the impact of the tariff to you, our valued customers, with these actions:

- Minimize the tariff pass thru from suppliers to us so that we can minimize impact to our customers.
- Offer product/solution alternatives, when possible, for products that do not originate from China.
- Adjust our supply chain modes to minimize impact to customers located outside of the US.

### Our approach to handling of charges

Premier Farnell's leadership team is constantly monitoring the US/China tariff situation, including how our industry is responding. Until further notice, we will handle tariff charges in the following manner:

- *New quotes:* We will include relevant COO and HTS to the best of our knowledge at the time of quoting. We will include parts that are exclusively or potentially from China.
- *New orders:* We cannot accept orders specifying COO but will be able to provide COO at the time of order confirmation.
- *Upon request, we can provide data on the following:*
  - *Past transactions on impacted or potentially tariff-impacted products based on HTS codes and Country of Origin (COO).*

- *Existing backlog of open Purchase Orders with the latest tariff information*
- *Re-Export*: We will work with you to mitigate impact if products are re-exported.
- *Charges*: Initially, any tariff charges passed along to us, directly or indirectly by manufacturers, will be reflected in the resale price of affected products. We will continue to review and evaluate any tariff impacts and will diligently work to provide our customers with the best possible solution.

Thank you for your continued trust in Premier Farnell! We are committed to delivering collaborative solutions that ensure supply chain security and minimal business disruption. Please contact your dedicated sales support teams to further discuss your customized information impact and mitigation solution.

Regards,

**Chris Breslin**  
President  
Premier Farnell