

## Dear valued customer,

This letter is intended to update our customers about Brexit, the United Kingdom's invocation of Article 50 of the Treaty on the European Union and the UK Government's enactment of the European Union Withdrawal Act of 2018. Due to the fluid nature of Brexit, we are regularly monitoring the progress of the negotiations between the UK and the EU, as well as reviewing the public guidance provided by the various governments regarding Brexit preparedness.

Our worldwide departments have been working hard to ensure our operations and service levels are not affected, regardless of the outcome. We are preparing for a number of scenarios, including no-deal, and are focused on customer impact and risks. A no-deal Brexit will be effective 29 March 2019 and a negotiated Brexit will come with a transitional phase through 31 December 2020. We are preparing for both eventualities.

Because the UK will be leaving the common market and the Customs Union, imports from EU countries into the UK and UK exports into the EU will be impacted in a variety of ways. One of the most significant effects will be delays as a result of increased customs procedures. We are putting plans in place to minimise the impact of delays and have engaged in direct communication with our carriers, who in turn have presented their own Brexit strategies to us. They are streamlining their processes and systems and recruiting additional staff to deal with the increase in workload associated with customs clearance. We will continue to work closely with these carriers, in agile and creative ways.

We have reached out to our suppliers with our own questionnaires and have been working closely with them to make sure you get the products and services you order with as little disruption as possible.

We have looked at the tariff classification codes related to the products we sell and are pleased to report that we currently believe there will be minimal impact in this area (i.e. they will not generally attract additional tariffs as a result of the UK leaving the Customs Union). We will continue to review this topic post-Brexit.

Since the vast majority of our solutions are configured to order and not purchased off the shelf, we do not anticipate significant increases in our inventory holding. We do however encourage you to contact us to discuss how we can continue to meet your sales needs.

Given our worldwide footprint, we are able to source product for onward shipment into the EU by using our Irish entity avoiding delays to your end users. We can also take advantage of our VAT

registrations in Ireland and the Netherlands, and potentially hold consignments destined for the EU in these locations. Subject to vendor support, this will enable Arrow to fulfil orders with EU delivery addresses without the worry of import VAT and customs duty due at the EU country of delivery. In addition, we hold Economic Operators' Registration and Identification numbers for both our UK and Ireland VAT registrations. This will enable Arrow to trade with other EU countries with little or no customs documentation required.

We have reviewed our vendor contracts from a territorial perspective, and confirmed that Brexit will not affect our ability to supply the products we currently offer.

The UK is a full member of the European Committee for Standardisation and adopts euro-normalised standards as national standards (EN becomes BS EN). Leaving the EU will therefore not affect that process since it is completely independent (directives and standards are related but not the same). Our ISO certifications are international, not related to the EU, and the British Standards Institution will comply with European standards post-Brexit. WEEE and ROHS should remain part of the body of UK law and therefore should not be impacted.

We have several approaches to minimise the effect of currency fluctuation, including forward buying of currency. In the event of a no-deal Brexit, we will continue to employ such strategies. However, as we are anticipating significant volatility in the currency markets, this may result in price increases from vendors, which will be passed on to our customers as per our standard terms and conditions. We will endeavour to give customers as much notice as we can of changes to pricing and currency rates.

We are prepared for Brexit and committed to continuing to deliver best-in-class products and services. We appreciate your continued business and loyalty.

For further information, please contact us by phone on **0800 983 2525** or email **info.ecs.uk@arrow.com**

Sincerely,



**Mark McHale** Vice President, UK&I