



Brexit – Customer Update

15th April 2019

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. 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 you are covered no matter what the outcome is. To that end we are preparing for a number of scenarios, including the so-called “No-Deal” Brexit with an eye towards customer impact and risks. Currently the UK’s “exit day” from the EU is set for 31 October 2019, but there are contingencies or other political and legal developments which could lead to the UK’s exit being earlier.

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 important effects will be delays as a result of increased customs procedures. No one can provide any certainty as to how long the delays will be, but we are doing our best to minimise the effect. We have engaged in direct communication with our carriers, and they in turn have presented their own Brexit strategies to us. They are preparing by streamlining their processes and systems and by recruiting additional staff to deal with the increase in workload associated with customs clearance. We will continue to work closely with these carriers, requiring agility and creativity from them.

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. for the most part they will not 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 have the ability to source product for onward shipment into the EU by using our Irish entity so as to avoid 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

ARROW ENTERPRISE COMPUTING SOLUTIONS LIMITED

Nidderdale House, Beckwith Knowle, Otley Road Harrogate, North Yorkshire, HG3 1SA

<https://www.arrowecs.co.uk/>

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 we will still be able to supply the products we sell following Brexit.

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, the same which will be consequently passed on to our customers consistent with 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 ready for Brexit and commit to our customers to deliver best-in-class products and service. We appreciate your continued business and loyalty.

Sincerely

Arrow Enterprise Computing Solutions Limited

Mark McHale
Vice-President, UK & Ireland

ARROW ENTERPRISE COMPUTING SOLUTIONS LIMITED

Nidderdale House, Beckwith Knowle, Otley Road Harrogate, North Yorkshire, HG3 1SA
<https://www.arrowecs.co.uk/>