

June 6th 2019

Tariffs on Mexican Imports

On May 30th, President Trump announced a 5% tariff on all imports from Mexico beginning on June 10th, 2019. These tariffs could be raised to 10% on July 1st and then by an additional 5% each month until reaching 25%.

Announced Tariffs:

- On June 10th 2019, all Mexican imports to carry a 5% tariff
- Starting from July 2019, tariff to be raised to 10%
- Starting from August 2019, tariff to be raised to 15%
- Starting from September 2019, tariff to be raised to 20%
- Starting from October 2019, tariff to be raised to 25%

Schneider Electric's components and products are directly impacted by the tax enforced as part of the tariffs.

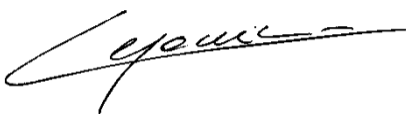
Though, as an action to support our customers and business partners, Schneider Electric USA has decided not to pass through the Mexico tariffs until July 1st, 2019. Any tariffs enforced during this period will be paid and absorbed by Schneider Electric USA.

Starting on July 1st, 2019, the tariffs will be passed through to our customers and business partners as a form of surcharge. We are using a surcharge mechanism instead of a traditional price increase, as these tariffs are dynamic. If tariffs are removed by the US Government, the surcharges will be removed immediately; if amounts were to be changed in timeline or magnitude, we will adapt accordingly.

Surcharges will match the amount of tariffs tax paid by Schneider Electric USA. These surcharges will be applied to invoices based on the date of delivery of the products. More information to follow around the impact by product line.

Thank you for your support and efforts with this surcharge implementation. You are a valued partner and together we will succeed despite these difficult market conditions.

Sincerely,



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