



August 2018

Tariff Update

AmerCareRoyal products will be affected

The United States government has published three lists of Chinese imports that will be impacted by tariffs. The value of Chinese imports affected will total approximately \$250 billion. We have learned that our plastic straw business will be affected and possibly some other products pending the outcome from the hearings on what has come to be known as List 3.

List 1 became effective July 6 which affected \$34 billion worth of Chinese imports. None of our products were affected by this change.

List 2 is going into effect on August 23, 2018. This will affect a total of \$16 billion worth of Chinese imports. A 25% tariff will be applied to plastic straws as a result. AmerCareRoyal customer pricing will unfortunately be affected. We foresee increases to customer pricing and will communicate those levels as we learn more.

List 3 is currently under review by the US Government. This list could affect a total of \$200 billion worth of Chinese imports. Our preliminary assessment is that the following product categories may be subjected; Gloves, Paper Products, Molded Fiber Products, Lids, Steel Scrubbers, Polyethylene Aprons, and Polyethylene Bags. This assessment is subject to updates as further information becomes available. A 10% tariff will be applied to these products should they remain on the list of affected items at the end of the preliminary stage. Recent headlines, however, suggest the list 3 tariff rate could be raised from 10% to 25%.

Before the final listing of affected items is published for list 3, comment reviews and public hearings will take place. The final list of items are the items that will be affected by tariffs. It was estimated that the final list of items affected for list 3 will be published by the end of August. Potential tariff enforcement for list 3 could take place by mid to late September.

As we obtain further information, we will advise specific impacts to pricing on a per item basis.

For the most up to the minute information as it is released by the US Government, please go [here](#). The official List 2 press release is [here](#) along with the list of items.

Our team of dedicated AmerCareRoyal employees, living and travelling overseas are working with our manufacturing partners to ensure our supply chain is minimally impacted. We are considering strategic options to minimize the effect of these tariffs on our customers. As we receive new information around tariff impacts, we will keep you informed.

Thank you for your business!

A handwritten signature in black ink that reads "Nick Lavandusky". The signature is fluid and cursive, with a large loop at the end.

Director of Marketing
AmerCareRoyal