



September 20, 2024

Dear Valued Customer,

We would like to provide you with the latest updates on two events that could impact the healthcare supply chain — tariff changes and East Coast port challenges — and how Owens & Minor is poised to support you as we collectively navigate them.

Tariff Update

Following the President's direction in the Four-Year Review of the Section 301 investigation on China's technology transfer and innovation practices, The U.S. Trade Representative (USTR) is raising tariffs on specific Chinese-imported products including medical supplies such as respirators, face masks, rubber medical and surgical gloves, syringes, and needles.

Beginning on September 27, 2024, tariffs will significantly increase on medical supplies and materials being imported from China with increasing impacts over the next 16 months as follows:

Category	Tariff	Effective Date
Medical or surgical gloves	50% 100%	Jan. 1, 2025 Jan. 1, 2026
N95 respirators (surgical and non-surgical)	25% 50%	Sept. 27, 2024 Jan. 1, 2026
Face masks of textiles, disposable	25% 50%	Jan. 1, 2025 Jan. 1, 2026
Syringes and needles (excluding enteral syringes through Jan. 1, 2026)	100%	Sept. 27, 2024

Owens & Minor Is Uniquely Equipped to Maintain Supply Chain Resilience

- Uniquely positioned with significant vertical integration and Americas-based manufacturing
- Maintains a diversified and blended Asia-Americas sourcing strategy, including rigorous controls of our end-to-end supply chain with a network of long-term, strategic partners, and dual sourcing for materials and finishing supplies in multiple trade-friendly countries
- Maintains significant vertical integration of our portfolios of gloves, masks, and N95 respirators with negligible reliance on China
- Owned and operated manufacturing facilities allow direct insights into raw material costs and manufacturing costs



East Coast Ports Update

As you might already be aware, there are ongoing negotiations between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX), whose contract is set to expire Sept. 30.

The ILA is the largest union of maritime workers in North America representing longshoremen on the Atlantic and Gulf Coasts with members handling the docks at 36 ports. These ports handle 43% of U.S. imports.

President Biden could invoke the Taft-Hartley Act, implementing an 80-day cooling off period to keep ports open and introduce mediation to support the negotiations.

What Is Owens & Minor Doing to Help

We understand the critical role of business continuity and supply chain. In anticipation of a potential strike, we have prepared the following contingency plans.

- Leveraged our Americas-based manufacturing to increase our output and inventories for our proprietary products since July
- Started shifting inbound shipments from the East Coast in June to West Coast ports
- Implemented focused inventory improvements with our supplier partners to increase service levels and stock on hand
- Use expedited ocean service from Chinese ports to Los Angeles and Long Beach
- Leverage our strong U.S. transportation and railroad partnerships to rapidly deploy and rebalance inventory within the U.S.

Owens & Minor recommends you continue to order your standard weekly usage while our supply teams are monitoring inventories and order volumes to ensure orders are within range of typical usage. We are committed to ongoing communications as this dynamic situation develops, and we will provide updates as additional information evolves.

We sincerely appreciate your continued partnership, as we remain constant in our Mission of *Empowering Our Customers to Advance Healthcare*®.

If you have any further questions or concerns, please continue to reach out to your Owens & Minor field partner or customer service representative.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dean Huibregtse'.

Dean Huibregtse
SVP, Commercial Sales
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