

Brexit Planning

Sean Woodward 23/10/2018; reviewed 09/11/2020

Updates - 06/09/2019 document reviewed and no amendments required.

Updates - 28/08/2020 document reviewed and no amendments required.

Updates - 09/11/2020 document reviewed and no amendments to current data but additional information added.

Staff contacts for Brexit related issues:

Jenny Foss – Operations Director

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Wolflabs is committed to ensuring minimal impact to our customers as a result of Brexit and is closely monitoring government progress as we move towards the transition period deadline on the 31st December 2020 and beyond. Our position as part of a wider European Group (The Dutscher Group) offers us a high degree of flexibility as the actual impact of Brexit becomes clearer. For now, key areas of contingency planning are as follows:

- **Sourcing locations**

Being part of the SLS Group and also as part of a wider European Group (The Dutscher Group) means we have enormous reach and flexibility in terms of maintaining supply chain stability. It also offers us alternative product sources in the event of any supply failures.

Possible areas of failure

Wolflabs sources from 150 suppliers. To varying degrees, all of these suppliers might be affected by a no deal Brexit:

- A. A likely decrease in the value of Sterling against the US Dollar and Euro will increase UK prices.
- B. A possible reduction in exports to the EU of certain UK suppliers might cause the price of certain product categories to decrease.
- C. A possible lack of capacity at UK customs and existing authorised economic operators could cause significant increase in lead times.

Actions

- Although we suspect that this will happen, it is not guaranteed and has to be covered by our standard policy for handling exchange rates. (Maintaining Euro and Dollar accounts.)
- To our knowledge none of our UK suppliers are exposed as exports to the EU do not constitute a significant proportion of their sales.
- We have spoken to our export/import agents and because each transaction takes less than 60 seconds on the government website even a doubling of work through EU transactions will cause them no problems. The carriers we have spoken to are predicting significant delays through customs checks but the feeling is that these delays would not add more than 24 hours to delivery times. Because we specialise in equipment, our average lead time is 15 working days so the above is unlikely to cause problems for our customer base.

- **Production locations**

Possible areas of failure

Wolflabs does not manufacture. We have contacted all our suppliers and none have them have raised issues with respect to their production locations.

Actions

No actions required.

- **Tariffs**

Possible areas of failure

EU suppliers may be subject to tariffs

Actions

Whilst the situation regarding tariffs is still being clarified by government, we commit to our customers that we will continue to resist upwards cost movements of any kind, wherever possible. What is becoming increasingly likely is the requirement for tariffs to be applied on imported products from the EU. It is our intention to apply measures to absorb these tariffs wherever possible. However, in circumstances where this is not possible, these tariffs will be loaded into the cost of the product and not applied through supplementary charges imposed on our customers. This will negate the application of any administrative charges in the transaction process.

- **Disruption to imports of geographies outside of the UK**

Possible areas of failure

Our only other sourcing location is the U.S.

Actions

None required.

- **Lead times**

Planning and information are key, and we encourage all our customers to talk to us about higher volume/process critical products for which continuity of supply is of paramount importance. Wolflabs can apply several inventory solutions to ensure ongoing continuity of supply. If there are concerns surrounding the continuity of supply for products which are critical to your business or research processes it is important to let us know. We encourage customers to consider forward-ordering to avoid exposure to any unforeseen disruption. Please contact sales@wolflabs.co.uk should you wish to discuss the options that are available to you.

Possible areas of failure

We are not expecting a significant increase in lead times.

Actions

None required.

- **Warehouse and transport**

Our position as part of the SLS group and wider Dutscher Group means we have access to extensive in-house expertise for both import and export given that we currently source or supply product to and from Europe and the rest of the world.

Possible areas of failure

Other than the above, our suppliers are not expecting problems with warehousing or transport.

Actions

None required.

- **Consumables**

Possible areas of failure

Wolflabs does not supply consumables. The only consumables we supply are those required for the functioning of our equipment.

Actions

It is very unlikely that our business will be affected through the supply of consumables. The only circumstances in which consumables would be a significant issue is if our customer base were unable to source consumables from other suppliers in the same market sector. We are in the process of liaising with our contacts within this type of company to evaluate the level of risk.

- **Spare parts**

Possible areas of failure

As stated above, we would expect delays of no more than an additional 24 hours on lead times.

Actions

None required.

- **Product categories**

Possible areas of failure

All product categories we supply have been checked and we see no exceptions to the points made above and below.

Actions

None required.

- **Maintenance/Service**

Possible areas of failure

The only issue we have identified with respect to maintenance and service is a possible 24 hours on lead times associated with spares. However, the limiting factor associated with service and maintenance is the availability of engineers. Our feeling is that a short delay on the availability of spares will not significantly affect our KPIs with respect to service and maintenance.

Actions

None required.

- **Exchange rates**

In terms of minimising the effect of currency fluctuations, Wolflabs have several existing, effective approaches. These include forward and spot buying of both product and currency. We also have a growing EURO revenue stream which helps to balance and mitigate fluctuations in the currency market. We have the infrastructure in place to mitigate much of the impact currency fluctuations can have on our supply chain.

Possible areas of failure

As stated above our feeling is that our current protocols will cope with exchange rate fluctuations.

Actions

None required.

- **Use of authorised economic operators (AEO)**

Possible areas of failure

In the event of a no deal Brexit it has been suggested that there will be insufficient capacity of authorised economic operators. However, we have a low volume of both imports and exports and our current agents have reassured us that they will have no problem coping with the extra workload. We

have also looked into the process of becoming an authorised economic operator and have concluded that the setup, ongoing and staff costs do not make this a viable proposition. It would merely result in an increase in our prices.

Actions

None required.

- **Increased volume of HMRC customs clearances**

Possible areas of failure

As stated above our import/export agents are suggesting that they can cope with a 100% increase in transactions.

Actions

None required.

- **Current contractual agreements**

Possible areas of failure

We have no current contractual agreements that are likely to be affected by Brexit.

Actions

None required.

- **Supplier risk assessment**

Possible areas of failure

We have completed an extensive process of assessing risk in our supply chain through a program of formal requests to our suppliers aimed at ensuring that we understand potential pitfalls and problems in the event of a no-deal/hard Brexit.

Actions

None required - We will continue to work in close partnership with our suppliers up to and beyond the 31st December 2020 to ensure the best possible continuity of service and supply.

- **Regulatory requirements**

Possible areas of failure

The UKCA (UK Conformity Assessed) marking is a new UK product marking that will be used for goods being placed on the market in Great Britain (England, Wales and Scotland). It covers most goods which previously required the CE marking.

Actions

The UKCA marking can be used from 1st January 2021, however, we will still be able to use the CE marking until 1st January 2022. A full supplier audit is already under way with our Quality & Compliance team to ensure this transition is managed and applied to all applicable products before the deadline of 1st January 2022.

- **Workforce**

Possible areas of failure

We have not experienced any issues recruiting people from within the UK and we consider all applications based on an equal opportunities policy.

Actions

None required

Summary

The above assessment leads us to believe that a no-deal Brexit would not adversely affect our business or our quality of service. Wolflabs and the entire SLS Group is founded upon the principle of flexibility in serving our customers. This means that any required adjustments to our systems, working practices or delivery mechanisms can be implemented quickly to ensure best possible solutions for our customers. We firmly believe that this sets us apart in the UK marketplace as our system-driven competition may not be able to react as quickly to change when the government defines what those changes will require.

We encourage communication from our customers, suppliers, and service providers to ensure a joined-up approach as the impact of Brexit becomes clearer. Should you have any specific questions pertaining to Brexit and the ongoing continuity of supply, please contact us on sales@wolflabs.co.uk.

- **Tariff codes applicable to Wolflabs' imports**

28470000	84716070
39074000	84742000
39231090	84798200
39269099	84798200
48196000	84798998
61161020	85141080
73110091	85258091
76130090	85391000
78060080	85437090
83030040	90049090
84141089	90089000
84148051	90112090
84148080	90118000
84149000	90119090
84181020	90160010
84182191	90182000
84183020	90189015
84184020	90189084
84184080	90221400
84185019	90229020
84192000	90229080
84192090	90271010
84193900	90273000
84195000	90278011
84195020	90278017
84198998	90279050
84199085	90279080
84211900	90291000
84211920	90318080
84212100	90321020
84213925	90321020
84213985	90321091
84229090	94013000
84562050	94032080
84629180	96170000