



Experts in Safety

Brexit Preparation at Arco

As the details of trading relationships between the UK and the EU at the end of the current transition period remain unclear, Arco would like to reassure customers that it is taking steps to ensure business continuity in all eventualities. As further details are clarified this position will be adapted as appropriate.

People

Arco employs many colleagues from across the EU. We do not foresee any issues with their right to remain and their ongoing contribution to Arco's business. We continue to discuss these issues with our EU colleagues and to offer them appropriate support as and when required.

Product compliance and standards

It is our expectation that regardless of whether a deal is struck existing UK standards will remain aligned with EU standards for an extended period and that the current CE marking will continue to be legal within the UK even as the UKCA mark is progressively adopted. If divergence of standards does occur, we will respond appropriately at that point. Our customers can be assured that Arco places the highest possible importance on the correct testing and certification of our products and that we will ensure that this remains the case regardless of the outcome of current negotiations.

Product supply

Arco sources products from all around the world including significant quantities from or via the EU. In the case of a disorganised Brexit there is a risk that delays in supply chains may occur. Following a detailed review of our supply chain and of any potential risk to supply we have invested significantly in additional safety stock to ensure continued supply. We hold differing levels of stock cover depending on the source of the item, ranging from a few weeks for UK sourced product to several months for product from the Far East. We believe this contingency planning should be sufficient to cover any Brexit related supply issues for at least 6 weeks.

With respect to future customs arrangements with the lapse of the current transition period on 31st December 2020 the end of the current Customs Union we are very confident that we have the capability and capacity to handle new arrangements with respect to imports from and exports to the European Union. As a business we have many years of experience of importing from and exporting to geographies outside of the EU and we have scaled our capacity to be able to treat EU27 countries in the same manner.

Currency

Brexit has already caused some significant fluctuations in the value of sterling versus the Euro and US Dollar which have resulted in cost price inflation to Arco and to our customers. Depending on the outcome of the current trade talks discussions between the UK government and the EU we may see

yet further foreign exchange volatility. Should there be a fall in the value of the GBP we cannot rule out cost increases. As with any cost increase, however, we commit to doing our utmost to minimise the impact of cost increases for our customers.

Tariffs

There is a possibility that additional tariffs may be applied to goods purchased from the EU whether there is a negotiated agreement or not. Should the eventuality of tariffs arise we will communicate the detail to customers as soon as the position is clear and will take steps to mitigate any increases whenever we can.

Republic of Ireland

For Arco's customers in the Republic of Ireland and in Northern Ireland the Brexit impact has been particularly uncertain. We are confident, however, that we have everything in place to maintain the flow of goods between the UK mainland and the island of Ireland.

Data

Post Brexit the UK will be considered a "third country" in EU legislation regarding data movements. As the UK is now aligned with GDPR, and Arco is compliant with these regulations, we do not foresee that this will cause any issues for customers.