

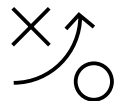


Brexit checklist

The Brexit deadline of 29 March 2019 is fast approaching and the trading landscape could be set to change significantly with a number of regulatory, operational and financial implications.

This quick guide lists some of the main impacts of Brexit in several key areas: Brexit preparation, human resources, legal and intellectual property, supply chain and imports/exports, business exit planning and banking relationships.

Brexit Preparation



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Your future recruitment needs

Do you have a clear view of your recruitment needs over the coming years? With a potential squeeze on available labour (skilled and unskilled) as a result of Brexit, you need to consider how and where you will be able to recruit, especially if you traditionally rely heavily on EU nationals. If you use EU nationals for seasonal work, for example, you need to think about how you meet customer demands if your access to these workers is restricted.

1 **Brexit working group creation**

Brexit could impact every part of your business so make sure you have all areas covered in a working group. That could include: Marketing & Sales, Finance/Accounts, HR, Procurement, and Operations.

2 **Brexit contingency plan**

If you need to make significant changes to your banking and supplier relationships, that may take up to 12 months. If the UK and EU agree a Brexit deal, the transition period will run from 29 March 2019 to 31 December 2020 to get everything in place and allow businesses time to prepare for when post-Brexit rules between the UK and EU begin. This is the time to put contingency plans in place.

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Cost of labour

If non-British workers leave the UK as a result of Brexit, the resulting gap between the supply and demand for skilled workers may increase the cost of labour.

3 **Regulated sector impacts**

If your business is in a regulated sector (e.g. the pharmaceutical sector), you may have to take sector specific regulatory changes into consideration.



Legal, Intellectual Property & Labelling



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Intellectual Property

The European Union Trademark (EUTM) system, which means a trademark can be registered in all EU member states through one application, may no longer be valid once the UK leaves the EU. If that's the case, you may need to file multiple national applications if you wish to protect your trademark across the EU.

Business Exit

4 **Preparing your business for sale**

If you're considering exiting or selling your business then you should factor in any risk related to Brexit around potential valuation and concerns overseas buyers may have.

Human resources



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Legal documentation and contracts


Now is the time to review all your contracts with customers, suppliers, distributors or agents that you may have in Europe. Some of those may contain 'force majeure' clauses that Brexit could trigger, so you need to be ready to renegotiate such contracts, or even be prepared that they might be terminated.

5 **Settled status for EEA citizens**

If you have EEA nationals working for you in the UK or UK nationals working for you in your EU operations, Brexit may impact your ability to keep these employees or recruit. However, you and your employees could explore the options available through the settled status scheme. The settled status scheme will be open from 30 March 2019 and it's important to note, for you and any EEA staff, that settled status will not be granted automatically and needs to be applied for. To find out more about the settled status scheme and how to apply, visit: <https://www.gov.uk/settled-status-eu-citizens-families>. EEA citizens who have lived in the UK for a continuous 5-year period acquire the right of permanent residence.

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Labelling

Review your product labels and assess what changes may need to be made to reflect the fact that the UK is no longer a member of the EU. What would be the cost implications of updating or changing labels? 

Supply Chain and Imports/Exports



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VAT impact

Consider the VAT impact on your costs and prices for cross-border trading. You can find out more about potential VAT changes here: <https://www.gov.uk/government/publications/vat-for-businesses-if-theres-no-brexiteal/vat-for-businesses-if-theres-no-brexiteal>



Banking relationships



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Impact of the loss of financial services passport on your bank(s)

Following Brexit, UK financial services firms may lose their 'EU Passport', which allows them to operate across the EU. If you have entities in the EU that are using a UK bank to access financial services and products, they may need to use an EU-domiciled bank to access these services and products post-Brexit. Similarly, if your UK entities are using a bank established in the EU to access financial services and products, these entities may need to use a UK-domiciled bank entity. For more information on the potential impact of Brexit on regulated firms and how to prepare, visit: <https://www.fca.org.uk/firms/preparing-for-brexiteal>

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Liquidity and cash management, hedging (incl. FX and rates), loans, European pooling, European trade financing

List any of your European and non-EEA entities that receive these financial products from UK-based banks to identify which entities are impacted by Brexit. Do the same for your UK entities that receive these products from EU-based banks.

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Lending lines in Euro

If you have any lending lines in Euro make a note of their renewal date (e.g. new agreements expected pre-March 2019, post-March 2019) and then discuss the best course of action with your bank(s).

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Legal documentation with UK banks

Legal documentation (e.g. ISDAs) may need to be amended or redocumented with an EU bank entity.

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Supply chain documentation

Reverse factoring agreements and other types of documentation with your suppliers may need to be updated.

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Access to liquidity and Euro clearing

Ask your current bank(s) how they plan to maintain access to liquidity and Euro clearing post-Brexit.

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Switching to a new bank

If you are planning to change your banking provider globally or for European operations, make sure any banks you approach can precisely describe their post-Brexit solution in relation to all affected products and services.

11 Your suppliers

Consider your key raw materials and understand where they originate and how they come to the UK. Can you start to identify potential challenges/risks around their availability in the future? Start talking to your suppliers and try to understand how prepared they are for possible transit delays or changes in trading patterns, and whether they are likely to increase costs as a result.

12 WTO tariffs

Consider what tariffs could be applied to your imports from and exports to the EU and what the resulting cost impact would be. To find out more about WTO tariffs, visit: https://www.wto.org/english/tratop_e/tariffs_e/tariffs_e.htm

13 Customs procedures and documentation

Think about the procedures you face when dealing with countries outside the EU. Would you be able to apply similar procedures, if tariffs and customs checks were introduced for trading with the EU? Consider the potential impact on your processes of delays due to border checks and the need to supply import/export documentation.

14 Your stock

Taking potential delays into account, are you confident that you are holding enough stock of key ingredients and raw materials so you can still meet customer demand.

15 Your partners in Europe

If you use logistics partners in Europe, check that they have done the due diligence to ensure they will be able to support your business needs across the EU.

Why start planning now?

With the clock ticking to the Brexit deadline day on 29 March 2019, and no deal yet agreed by all parties, there is a chance the UK could exit the single market and the customs union with no transition period or free trade deal.

We are actively encouraging customers to discuss Brexit with us to ensure they understand the impact of Brexit on their business and continue to have access to the products and services they need to grow internationally.

For more information and advice on how to prepare if the UK leaves the EU with no deal, visit: <https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal>