

Company Brexit Position October 2018

We all eagerly await clarification from Government on longer term plans for Britain`s exit from the European Union. However MacLellan Rubber has worked to identify the issues that could possibly arise in the event of an orderly or disorderly exit and and is working to mitigate these as far as it possibly can.

Raw Material Lead Times	
Potential Problem	We recognise that Raw Materials delays could arise due to extended shipping times caused by additional import & export documentation and/or port backlogs and delays.
Actions taken	Stock Levels are being increased to mitigate risk Key Customers are being canvassed to understand stock requirements & forecasts
Increased Costs	
Potential Problem	Costs could significantly rise due to further de-valuation of Sterling against the euro and other worldwide currencies as well as the risk of additional duties.
Actions taken	Increased Stock Levels purchased prior to Brexit will allow for notice to be given to customers of a need to increase pricing. Whilst we make significant purchases from the European Union, alternative worldwide sources exist for most product lines where duties are already absorbed. Active discussions are already taking place with European Partners over future trading relationships, and whilst this will not allow for us to avoid duties, we do believe an active discussion with ease the transition. We cannot however rule out Price Increases in the Medium to Long Term.
Changes to Standards and Approvals	
Potential Problem	Doubts remain about Medium and Long Term adoption of European Standards into UK Law
Actions taken	As with many discontinued or expired Standards, MacLellan will retain the ability to manufacture to Standards from all around the world including BS, EN, ISO, DTD, Mil and ASTM. MacLellan will also be at the ready to manufacture to any New Standards that may be throughout the world. MacLellan Rubber intend to stay compliant with REACH Regulations for the foreseeable future.
Personnel	
MacLellan Rubber are not exposed to any risk relating to EU Withdrawal	

We will update this statement as and when significant developments are confirmed and announced or further risks are identified.