



January 2019

Dear Stakeholder

Subject: BREXIT Statement

The UK continues to have a split opinion over Brexit, with a high degree of uncertainty and a regularly changing political landscape; therefore, you should be *assured* that REMET is planning for the worst case and will continue its current strategy to mitigate and avoid the business risks associated with the UK leaving the EU. These actions include

1. During 2018 registering a Eurozone entity in Germany, REMET GmbH. We are currently completing the final due diligence with the banking and tax authorities to trade commercially. This company will in the first place provide an EU based organisation from which to trade if considered beneficial to our supply chain.
2. REMET will be phasing an increase in stock levels across EU warehouses. In Eastern Europe, we shall continue to increase and exploit our European stockholding in our Bratislava warehouse.

This will relieve the potential problems that is foreseen importing to the EU, especially over the critical transition period occurring both before and immediately after the end of March 2019. It is considered that during this period there could be the most pressure on the supply chain with delays possible. Therefore, *Urge* you, where possible to help us by providing a forward plan of production demand such that we can best plan to manage our deliveries to you.

3. Reviewing our compliance with REACH legislation. Some have raised specific concerns regarding the validity of pan-European legislation such as REACH. Whereas there is a plan by the UK government to leave EU Law on separation, in all REMET cases REMET is fully compliant with REACH. It is considered that there is little risk associated with this legislation and Brexit.

As a measure of the confidence expressed in REMET a number of pan European Casting Groups continue to invest in REMET 's superior materials technology and are reassured of our contingency planning over this Brexit transition period.

However, we understand that a number of organisations could be trying to exploit the current situation by spreading unsubstantiated concerns over tariffs, customs duties and trade embargoes. REMET considers this ill-informed scare-mongering as none of these subjects have been mooted by either the European Commission or the UK Government. Should there be any changes then we will keep you informed and most importantly, manage our supply chain accordingly.

I have enclosed a copy of our abridged Risk Mitigation Plan, which you can review, and I hope will answer any further questions.

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YOUR CONCEPT TO CASTING PARTNER



I hope your immediate concerns are addressed and enquiries answered. However, if you have any further questions I would be pleased to answer them.

Yours faithfully

A handwritten signature in purple ink, appearing to read "Philipa Rogers".

Philipa Rogers
Chief Operating Officer
Remet UK Ltd

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	Item	Area for Concern	Potential Risk	Question Type (add comments is available for all questions)	Possible Impact	Advice on Potential Action/Mitigation Strategy	Additional Comments
General	1.1	Readiness	Is REMET actively analysing the impact of Brexit, in particular, for a "no-deal" Brexit?	Yes	Shortages, cost, production delays, customer impact.	REMET has established a Brexit team, it is assigned to members of the Senior Management team under the Stewardship of the Chief Operating Officer. We hold regular Brexit workshops/reviews to assess ongoing developments and implications	Managed through Senior Management team meetings on a weekly basis. Regular agenda item on Monthly Management Meeting.
	1.2	Inventory	Have you identified those supplies that could be impacted?	Yes	Shortages, cost, production delays	We have identified critical supply chain items and processes, and we are currently putting into place 4-6 weeks of contingency stock / processes in order to avoid uncommanded disruption of supply chain	REMET UK already runs a fully operational managed warehouse within the EU and has done so for >10 years. The plan is to increase buffer stock in line with customer demand in Q1. This increase in pallet space has already been allocated for REMET UK. Wax - UK to EU (Buffer stock) Binder EU to UK (Buffer stock) RMs from EU (Wax) REMET GmbH will also deal with EU deliveries from outside to ensure no issue with deliveries. Refractory to EU (REMET GmbH) Soluble Wax (REMET GmbH) Binder from outside EU (REMET GmbH)
Personnel	2.1	Immigration / Work Status	Have you anticipated potential instability/shortages in your workforce ?	Yes	Production delays, shortage of labour	REMET has discussed concerns with non resident staff and train, cross train and upskill workforce to cover potential gaps	All resource gaps have been identified with no issues. Three resources have been identified of concerns (less than 5 years residency) and plan prepared
	2.2	Immigration/Work Status	Does your workforce need to regularly travel between the EU and UK to accomplish outlocated work ?	Yes	Cost and delays to apply for visas, delays at frontier.	REMET has sought to avoid and mitigate risks associated with personnel. REMET has performed staff appraisals, identified staff with requirement to travel, passports and visas all checked and reissued with passports with <5 years surrendered and renewed to latest standard. Invested in web based conference facility to ensure reduced need for direct travel. Travel insurance checked and to be renewed to meet new requirements, International Driving Permits organised for all UK personnel travelling in Eurozone, and vice versa.	Full visa applications will be managed internally if required. Visas costs will be covered by REMET UK

Supply Chain	3.1	Delivery Delays	Can you limit the impact of Brexit on the Supply Chain?	Yes	Shortage of critical materials	REMET shall avoid risk by incorporating to second source with local suppliers, where it is appropriate to do so. REMET will further mitigate risk by putting buffer stock in place	No replacements or substitute materials needed. Full operational managed warehouse with Bratislava, SK for > 10 years. The plan is to increase buffer stock in line with customer demand in Q1. This increase in pallet space has already been allocated for REMET UK. Wax - UK to EU (Buffer stock) Binder EU to UK (Buffer stock) RMs from EU (Wax) REMET GmbH will also deal with EU deliveries from outside the EU to ensure no issue with current deliveries from outside the EU. Refractory to EU (REMET GmbH) Soluble Wax (GmbH) Binder from outside EU (GmbH)
	3.2	Freight Forwarders	Are your transport carriers Brexit ready?	Yes	Shortage of raw materials and finished goods	Current UK truck licenses permit travel to the EU this may revert to a permit system post Brexit. Checking that carriers are Brexit ready. There is much to be decided as to what Brexit means such that this needs review on a weekly basis.	Two forwarders used. Both companies have EU premises and have plans on Brexit identified.
Delivery Risks	4.1	Border delays	Do you expect border checks/bottlenecks to impact your leadtimes (eg. production and delivery) both as between UK & EU and also UK & RoW?	Yes	Shortage and delays in raw materials	Mitigate Risk: Consider / budget / plan to hold stock of 'at risk' materials, to mitigate extra lead time, assess cost impact of increased stock holding, review MRP master data to allow for increased stocks, simulate worst case cost impacts to business of increasing stocks and producing early	Stock position will be increased and lead time will be assessed to ensure delivery time is communicated. Two different ports will be utilised to reduce bottleneck issues.
	4.2	Inventory	Will you increase stocks to mitigate extra lead time/delays?	Yes	Inventory increase. Cashflow impact	Will mitigate risk by Increase stocks to accommodate for potential delays. Plan in to MRP	Yes, stock days will be increased
Customs	5.1	Customs requirements	Are your customs managed internally (YES) or through an outsourced provider (NO)?	No	Staff shortages at outsourced provider/Lack internal knowledge and experience	REMET will mitigate this risk by having two outsourced providers and internally avoid this risk with training of staff. The intention is to train existing current staff /employ additional staff with the correct skills and experience and increase resources to manage increased workload in declarations when necessary	Each site/supplier should nominate and train a site co-ordinator for customs clearance etc. responsibilities (rather than simply seeking to rely on freight forwarders).
	5.2	Free Trade Agreements	As a UK entity do you trade under EU FTAs with third countries (such as China)?	Yes	Consider both cost and compliance	Establish implications of such FTA not being available post Brexit. Consider also impact of Brexit on any country of origin requirements	Specific to Russia, China, India.
	5.3	Customs Clearance	Are you actively preparing to meet the requirements for making customs declarations etc. post Brexit ?	Yes	Staff shortages at outsourced provider/lack internal knowledge and experience	Complete training requirements to ensure import/export documentation can be completed.	Managed through freight forwarders - Work Ongoing

	5.4	Tariff/duty/VAT Changes	Do you understand the impact of potential tariffs duties and import VAT on your business ?	Yes	Consider both cost and compliance	REMET has worked to understand maximum exposure in the event of a hard Brexit. We have prepared for additional outlay in terms of working capital, stock days, transit delays. Where feasible, we look to re-source to local suppliers. We are actively considering duty relief and other such schemes.	Currently checking WTO tariffs state for impact of duty.
Compliance/misc.	6.1	General	Have you undertaken an analysis of the regulatory implications of Brexit on the supply of your goods/services?	Yes	Consideration of non-compliance analysis undertaken	REMET has reviewed the impact of Brexit on the goods and services our company provides and receives eg requirement for licenses, quality standards, authorisations, etc.	AEO/ISO Accreditation will remain a global standard and is not expected to change following an EU Exit
	6.2	REACH (EU chemicals regulation)	Are you reliant on any REACH registrations (your own or your supply chain's) for trading across the UK/EU border?	Yes	UK registrations may not be valid in EU 27 (and vice versa) post Brexit without additional action	REMET is evaluating the need to transfer/cross-register/duplicate/appoint an Only Representative in the EU 27 (or UK as applicable)	Yes, it is expected this will remain unchanged following a no deal Brexit: http://www.hse.gov.uk/brexit/brexit-chemical-regulation.htm?utm_source=Twitter&utm_medium=social&utm_campaign=EU-Exit&utm_content=Defra
	6.3	Export licences	Do you export controlled items across the UK/EU border?	No	Licencing requirement will extend from military to dual use	REMET fully understands the rating licencing requirements and is already exercising options to ensure minimal delays.	N/A
	6.4	Exchange Rate Volatility	Has your Company experienced impact from exchange rate fluctuations and will there be more to come ?	Yes	Cashflow Impact	Finance are fully involved with the BREXIT Planning	Yes, full coverage in Euro, Dollar and Sterling currencies to reduce impact of FX fluctuations
	6.5	Contracts	Will Brexit impact any contract terms (eg Incoterms or lead times)?	No	Problematic terms (e.g Incoterms, Lead Times)	Review current contracts to identify and address issues with counterparties.	N/A
	6.6	Other	Has your company considered the impact of future diverging product (goods & services) compliance rules including product compliance, environmental and health and safety standards (e.g.: declaration, registration, etc) for accessing the EU-27 and UK markets, including for goods and services placed prior to Brexit ?	Yes	May make things easier / harder dependent on what laws will need to be adhered to.	REMET will continue to review the impacts of Brexit specifically upon the goods and services of our company necessary for the EU and/or UK markets eg requirement for licenses, quality standards, authorisations, etc. In case of non mutual recognition system in place after Brexit, we will consider the impact from 29 March 2019 of possible double certification requirements for goods and services placed on EU-27 or UK markets (before and after exit)	REMET GmbH will be present within Europe to deal with regulations and ensure full compliance to any diverging regulations. At present, no further information is available to make a detailed analysis