

Apogee Corporation Limited Brexit Update – September 2020 Update

Published Date: 28th September 2020

Introduction:

It's been some time since the last official Brexit update was released – in line with the vast majority of clients, suppliers and the wider community our energy and focus has understandably been directed toward impacts of the Covid-19 pandemic.

We are proud of the way our employees have overcome the multiple challenges, and of the capability and passion within the organisation that has enabled continued support to our clients. Our unrivaled strength and unique, innovative approach has led to the creation of new and extended services enabling our clients to function at levels beyond their expectation further strengthening the partnerships we hold.

Whilst these challenges are not yet behind us we are at a critical stage with Brexit. Since the UK exited the European Union at the start of 2020, there have been no real changes in trading conditions, but this will not be true if the UK and the EU cannot agree a trade deal by the end of 2020 and, following a meeting of the 24th September 2020 the Apogee Committee can now issue the updated information/guidance below.

Apogee Corporation are part of the HP Inc. group of companies, and combined have extensive resources and capabilities that we firmly believe will minimise and mitigate the potential impacts of Brexit. Since March 2018, an HP Inc. strategic Brexit Task Force with specialist industry experts across six work streams have been preparing with Apogee for potential Brexit impact. This task force has continually evaluated the following areas: and formulated plans including:

- Mapping of Brexit possible scenarios and impact analysis
- Continued monitoring of Brexit developments and key decisions
- Supply chain contingencies including projected increases in stock levels across core products and inventory within HP and their distributor network plus expanded routes into the UK by road and air
- Performed in-depth economic analysis, understanding the financial impacts in the event of currency fluctuations and increased operational costs
- Evaluated compliance change and requirements
- Task force to react to Brexit final decision and outcome, mobilising plans to minimise business disruption and impact

As Europe's largest multi-brand provider of managed print and outsourced services, Apogee has operations across the UK and Europe. We procure products and provide services in both Euro and GBP currencies, and have warehousing, logistics and finance operations in the UK and mainland Europe.

The infrastructure and Pan-European operations we have in place hedge our exposure to the potential impacts of Brexit, however we are continuing to closely monitor the development of the Brexit negotiations and review our preparations to ensure we are capable of delivering the technology and support services our clients will depend upon post Brexit.

As a reseller of finished products, we do not rely on the supply of component materials from locations within or outside the EU. Apogee's supply chain for hardware and software comprises of the UK operating companies of global Original Equipment Manufacturers and we have sought assurance from these core partners that any changes resulting from Brexit, and affecting client procedures, will not impact us or our clients irrespective of a no-deal or alternative Brexit deal.

Apogee Supply Chain:

Combined with our core partners, we have taken extensive steps to minimise any adverse effects, including:

- The procurement of additional shipping methods and the use of alternative ports and air logistics that will, where possible bypass Europe with direct shipping from our partner manufacturers operating countries into UK ports and hubs
- Building significant additional stock of hardware, spares and consumables based on specific high usage lines in the UK that will support clients in the event of supply chain impact
- Introduction of custom brokers to minimise time delays created by new border and custom regulations either side of the channel
- Currency and procurement strategies that will hedge against impacts on purchase pricing as a result of short term devaluations

In addition to these strategies, we will build additional stock holdings at our core logistics locations to smooth and supplement any short-term restrictions on our supply chain. To further mitigate exposure to Brexit, Apogee do have European operations based in Germany and Ireland and we have the ability to source and manage distribution through these locations. We also have a network of suppliers based outside the EU and have the ability to purchase from these partners as a further contingency.

International Borders

This is the area where a 'No Deal' Brexit will have the biggest impact on trade. Whilst the British government continue to increase spending on ports and customs officials and committing to timely entrance of goods from the EU, imports will still be dependent upon accurate paperwork and registration. Apogee have been granted an EORI number by HMRC and are spending time ensuring that appropriate information including commodity codes are available on shipping documentation.

Despite these plans, some delays at ports are anticipated as inevitable by both our own and our key partners logistics companies which is why we have and continue work hard to ensure adequate stock and supply chain is available to avoid impact of any potential short term delays.

People

Our people are our most important resources here at Apogee and we are ensuring that all EU nationals and their families are assisted in complying with the EU settled status scheme. Perhaps the one area that the new government has softened is immigration, with no talk of reducing immigration but merely being able to control it.

Data

Data governance under GDPR has been adopted by UK law. A No Deal scenario is unlikely to alter EU data compliance although Apogee remain alert for divergence.

Closing Statement

Our impact analysis and mitigation planning for all work streams remain on track and we continue to closely monitor political developments in the UK and EU as part of the withdrawal agreement and Brexit commencement 1st January 2021. Should you have any specific Brexit related questions, please contact our team on: 0345 3009955 and <https://www.apogee corp.com/contact-us/>