

Statement of the Endress+Hauser Group

The United Kingdom's intended withdrawal from the European Union (Brexit) and its impact on the Endress+Hauser Group

Future relations between the United Kingdom (UK) and the European Union (EU) are uncertain at this stage in the Brexit negotiations. As a globally active Group, we are extensively preparing for various possible scenarios in order to minimize the associated risks for the company. Our ultimate aim is to ensure our service and delivery promise to our customers.

Preparations for risk minimization

A working group established in our UK company Endress+Hauser Ltd and the experts in our production and support centers who are concerned with the relevant issues continuously monitor developments and prepare for risk minimization on the basis of the available information. This includes in particular the consequences of additional borders and customs controls, the effects of potential customs regulations and increased documentation requirements for imports and exports. In doing so, we are also focusing on a 'no deal' scenario.

Effects on supply and value chains

From today's perspective, a 'no deal' scenario would primarily affect our deliveries to the UK. Significant uncertainties arise from the necessity of import customs clearance and from overloading of truck routes. We counter these issues with suitable organizational measures (see 'Accreditation as an Authorized Economic Operator (AEO)' and 'Measures to optimize the supply chain'). For our production in EU countries, we procure only very small quantities of goods and intermediate products from the UK. We do not expect this to impair our ability to deliver.

Accreditation as an Authorized Economic Operator (AEO)

Endress+Hauser Ltd is currently engaged in obtaining accreditation as an Authorized Economic Operator (AEO). This is an internationally recognized accreditation that proves that a company is performing its supply chain duties safely and reliably and is carrying out all customs controls and procedures in a compliant and efficient manner. This status ensures us preferential treatment in customs clearance. Endress+Hauser Ltd has already been allocated an EORI (Economic Operators' Registration and Identification) number (GB 146193464000) by HMRC as the precursor to any AEO license.

Measures to optimize the supply chain

We are in close contact with our long-standing logistics partners for the UK and Ireland to evaluate opportunities for risk minimization. From mid-March, we will also be working with another logistics provider in the air freight sector, which has its own cargo aircraft. This will enable us to reduce the risks associated with Brexit arising from land-based logistics and further improve service to our customers.

Technical regulations and conformity marking

In case of a 'no deal' scenario, the ATEX certificates of a British notified body will lose their validity in the EU; affected products can no longer be placed in the EU market. UK notified bodies are currently seeking cooperation with other EU notified bodies outside the UK or the establishment of their own branches in the EU so that the certificates can be transferred. A prerequisite for this is the notification of the new bodies by the EU Commission.

Vice-versa, as a precautionary measure the British government has created its own conformity marking, which replaces the CE marking in the UK in the event of an unregulated Brexit. If a product has been certified by a British notified body, the new UKCA marking must be applied for distribution in the UK with immediate effect. Only if the UK notified body cooperates with another EU notified body outside the UK or has its own branch in the EU can the certificates be transferred and respecting devices with CE marking sold in the UK for an indefinite period. Products without certification or certified by an EU conformity assessment body outside the UK can be placed in the UK market at least for a certain period of time after Brexit.

Our production centers are preparing to transfer the relevant certificates to an EU conformity assessment body so that we can continue to market the affected products both in the UK and in the EU. So far, the EU Commission has not yet notified all associated new conformity assessment bodies.

Third-party risk assessment

Endress+Hauser Ltd carries out a risk assessment of all third-party suppliers whose goods complement Endress+Hauser's UK offering. The aim is to be able to react quickly to maximize tariff, non-tariff and VAT efficiencies associated with Brexit.

Regular exchange within the Endress+Hauser Group

With sales companies in 50 countries worldwide, the Endress+Hauser Group has many years of experience in cross-border trade within and outside the EU. Within our network, we promote the regular exchange of information between our companies in order to learn from each other and share experience. This enables us to react quickly to changes and minimize delays caused by additional customs controls and formalities.

Status: 7 March 2019