

Brexit Policy

Scope of Brexit Policy

Whilst the terms of the final agreement between the UK and the EU remain unclear, and inadequate to provide a basis for detailed planning, as a company we need to ensure that we have made adequate provision for an 'untidy' exit from the EU, such that we can continue to manufacture in the UK and trade without hinderance to maintain volumes and the high levels of customer service our customers have grown accustomed to, whilst at the same time ensuring that our employment of EU Nationals is compliant with legislation.

We have identified the following four major risk areas:

1. Raw material and component supply

We anticipate there may be an increased lead time for goods sourced from the EU due to customs and border controls, these may either be for items sourced directly from the EU or through UK distributors.

ACTION: We have reviewed, and continue to monitor, our top 30 suppliers to identify such components.

Where we have identified a potential risk to supply we have commenced the process of either:

- Seeking alternative non-EU suppliers, and/or;
- For standard components, increasing our inventory levels and buffer stocks by approximately one month's stockholding.

2. Logistics - Sales into EU

Although there may be delays and possibly additional logistics costs incurred exporting our products to the EU, the (only) commercial risk is an extension of lead time for a small number of days. Since our products are non-perishable, we do not consider this a direct risk requiring further action, as should the situation arise we shall deal with the repercussions on a customer-by-customer, load-by-load basis.

3. Administration

Moffett & Sons Ltd imports from outside the EU and already has adequate tried and tested administrative processes to ensure efficient customs clearance. It should be noted however that Moffett & Sons Ltd already has an HMRC arrangement for "Processing under Customs Controls" related to the importation of certain items from the Far East, which we believe could be extended to incorporate a wider range of components if necessary, and thus mitigate the additional duty costs (although at the expense of reduced working capital).

Our products are already, where required, certified by EU accreditation agencies and our manufacturing site is regularly and routinely inspected by them.

Moffett & Sons Limited

Seymour Hill Industrial Estate
Dunmurry, Belfast
BT17 9PW
Northern Ireland

T: 028 90 301411

F: 028 90 610785

Contracts Fax: 028 90 604140

E: enquiries@moffett.co.uk
www.moffett.co.uk

4. Labour Shortage

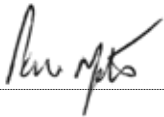
The percentage of our UK workforce originally from EU countries is relatively low and has been in slow decline since the Brexit vote in 2016. We have however identified several important roles currently undertaken by EU nationals.

We have reviewed these roles and are confident that we either have sufficient experienced and trained expertise available, and that most of these EU nationals have been working for Moffett & Sons Ltd and living in the UK for many years, and we believe it is highly unlikely that they will return to the EU en-masse, and thus no action is immediately required.

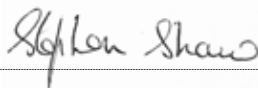
5. People Matters

Moffett & Sons Ltd is concerned that our existing employees who are also EU Nationals may however be feeling unsettled and we have commenced a process of engagement with them to alleviate any concerns of potential anxieties they may have.

We have ensured our employee records are accurate regarding the nationality of all staff, and for EU workers we continually update them so that they understand the impact of any changes and have the correct documentation to allow them to continue legal employment.



Paul Moffett
Joint M.D.



Stephen Shaw
Joint M.D.

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