



Weber Packaging Solutions UK & Ireland Group

Brexit Strategy / Planning Document

The following paper outlines Weber UK and Ireland's strategy with respect to the ongoing Brexit debate. Weber UK and Ireland as a business has endeavoured to mitigate multiple outcomes regarding the Brexit end date of March 29th 2019. Weber UK will continue to support our existing and new customer base effectively.

Introduction

Weber UK is closely following the political developments and negotiations related to the potential exit of the United Kingdom from the European Union. The decision made by the UK to leave the European Union, or 'Brexit' as it has become known, means that we must embrace the challenges that this decision will bring. In order to ensure that our business is sustainable, we have put into effect a number of strategies which will ensure the strongest possible outcome for our company as the transition away from EU membership takes place.

Inevitably there is still a great deal of uncertainty as the Brexit negotiations take place and therefore our plans are intended to allow for a degree of flexibility in the interim period. We recognise that as Brexit unfolds a number of stakeholders will be concerned, including our customers, European based suppliers and our network of agents and distributors. Equally, within our own organisation wide ranging sections of our business are likely to see changes; areas including customer services, sales, procurement, finance, compliance, human resources and information technology. We have therefore considered, amongst a number of areas, the potential impact of changes to tariffs and Customs borders, the potential impact on our costs, administrative workload and our employees, but also the effect of increased volatility of exchange rates.

Weber UK has established potential BREXIT scenarios and implications for both Weber and for our customers. Weber is an experienced global organisation and is well versed with the demands of international trade. As part of this activity we have a cross-functional working group in place, which is continuing to monitor Brexit developments and build plans to respond to different implementation scenarios. As the process progresses we will continue to assess the potential impact of what is commonly referred to as a "Hard" and "Soft" BREXIT and resulting implications for the following:

- Customs Arrangements
- Supply Chain
- Operating Business
- Stakeholders
- Raw Materials Supply
- Labelling Systems Assembly
- Source and Supply of Components

Risk Management

Our supply review now includes active and ongoing board level analysis of risks specific to Brexit. Weber UK would like to reassure our customers that although a substantial part of our supply chain is based in the EU, our Global Presence and long term partnerships will mitigate the risks of a Hard Brexit Situation. We have undertaken a detailed analysis of the risks and operational challenges to our business and believe we now have a clear view of Brexit related risks and their potential impact on the business. Risks can be categorised into direct risks (increased regulatory documentation, duties, tariffs) to our costs and operations and indirect risks (border delays, currency devaluation) that may affect our business through changes to the wider operating and economic environment.

Supplier Network

Weber Packaging Solutions since its establishment in 1923 in the US, 1969 in Germany, and indeed 1973 in the UK has developed long term strategic partnerships with a large number of Global Suppliers, and currently import Raw Material and Assembly Components from both the EMEA Region and indeed the US. We have entered into discussions with our primary suppliers at Senior Management Level to ensure uninterrupted supply of Raw Material for our Self Adhesive Label Manufacturing Divisions, and continuous supply of Assembly Components from our Labelling Systems and Inkjet Manufacturing Divisions. Due to the Global Presence of our Suppliers the majority of our primary partners have warehouse and distribution facilities within the UK thus mitigating any customs border control delays. Our negotiations have resulted in increased stock holding of Raw Material both in our UK and Ireland manufacturing sites combined with our Supplier Distribution Centres in the UK.

It should be noted that despite the robust Global Pricing Agreements we have in place and our wide Supplier Network there are in some instances exposures to currency variations and in the case of Self Adhesive Materials exposure to Global Market Conditions such as increase in Paper and Synthetic Material Prices.

The management team of Weber Packaging Solutions UK & Ireland are confident that we have undertaken a full and complete review of our suppliers and audited their Supply Chain for any Risks as a result of an impending "Hard Brexit" Situation.

Quality System

As a long established business our factory and products are manufactured and certified to ISO 9001:2015, 14001:2015 and to BRC Packaging Standards, which spans all of our divisions from Label Manufacture, Labelling/Inkjet Systems Manufacture to our Service Support Network throughout UK & Ireland. The accreditations currently in place with Weber will be recognised and supported by our Certification Body after the Brexit process has been completed. Our Quality Standards Certification Body have assured the business that in the event of any changes they will work in partnership with us to ensure we comply with the agreed guidelines. If any changes are required they will be addressed to take into account any regulatory changes as a result of Brexit. Weber Packaging Solutions will continue to manufacture Labelling Systems and Inkjet Printing Systems to European Standards and provide CE Declarations of Conformity with all of our Products.

Customs and Border Control

A key element of our preparation is in respect of mitigating the potential impact of cross border delays in the event of a "hard Brexit". We are working at the highest levels of management to anticipate the level of potential delay. We currently import from and export to a large number of countries throughout the world, many of which have complex and demanding import and customs regulations and procedures. Administratively, we are able to accommodate a vast array of the additional burdens that a "hard Brexit" may demand. Weber as a Global Operation have a Global Export Department specifically tasked with the import and export issues throughout the Americas and EMEA Region.

Due to our Global presence Weber have mitigated any potential risks in relation to cross border and supply chain delays. The UK and Ireland group operate under separate legal entities and as such import and export under an EORI number [Economic Operator Registration Number] in the Republic of Ireland and an AEO-C [Authorised Economic Operator] granted by HMRC in the UK. This scheme, adopted by several countries across the Globe, is a World Customs Organization initiative towards Standards to secure and facilitate Global Trade. The benefits include simplified customs procedures, local clearance procedures under Customs Freight Simplified Procedures (CFSP) and the National Export System (NES). Currently Weber Packaging Solutions UK & Ireland do not envisage any significant increase in prices because of the implementation of tariffs between the EU and UK. As Brexit Discussions continue Weber will continue to monitor and discuss potential problems surrounding customs and potential border controls and as such we have engaged our Freight Forwarders in our discussions to ensure all areas in relation to border tariffs and duties are evaluated fully.

Company Legal Structure

Weber Packaging Solutions Ireland Limited (registered in the Republic of Ireland) is a wholly owned subsidiary of Weber Packaging Solutions UK, a company registered in the United Kingdom which is consolidated within the Weber Packaging Solutions UK & Ireland Group. Other Related Parties in the Weber Group consist of affiliate manufacturing companies such as Weber Marking Systems GmbH, Weber Marking Systems Thailand and Weber Marking Systems Canada. The Weber Worldwide Partner network consists of over 50 wholly owned subsidiaries and Weber Distributors that cover the Americas and EMEA Regions.

Weber Packaging Solutions Incorporated in the United States is the ultimate controlling party for the Group.

Currency

Weber Packaging Solutions UK transact predominantly in GBP however due to the number of Global Customers we have the ability to transact in USD, and Euro. A significant proportion of both our income and purchasing is in Euro which provides a natural hedge against any foreign currency exposure. Our Ireland facility together with our affiliate companies in Europe transact in Euro predominantly. Our Global Supplier agreements are negotiated in USD for the Americas and Euro for the EMEA region.

Pricing Strategy

Weber Packaging Solutions UK & Ireland have invested in automation and continues to promote lean manufacturing to increase efficiencies and maintain low operating costs. This has enabled our company to provide a premium quality product at a competitive price. Weber has entered into Global Purchasing Agreements and as a result of our Global spend we can be confident of maintaining our current pricing strategy on Raw Materials save for Global Market Conditions. Some of our larger supplier agreements operate under Incoterms DDP thus reducing our exposure to customs tariffs and duties. Our Global Treasury Department has reduced our exposure somewhat to Foreign Currency fluctuations. Weber currently do not foresee any change to the current pricing

strategy to our customers however it must be noted that there may be some exposure in terms of possible increased volatility of foreign currency. In order to combat these obstacles Weber have adopted a flexible approach with our customers by methods such as transacting in their home currency combined with Blanket Order Contracts to optimise shipments in an effort to reduce freight costs and potential customs tariffs per shipment.

Business Continuity Management Policy

Weber Packaging Solutions seeks to ensure resilience to disruption, interruption or loss in the supply of its products and services and to ensure that its operations continue to deliver those products and services at predefined levels whenever disruptive incidents occur. The management of the Weber Packaging Solutions Group have included the impending Brexit situation into the existing Business Continuity Policy. BS 25999-1:2006 Business Continuity Management Code of Practice.

The Business Continuity Plans were based on the principles of BS 25999-1:2006 Business Continuity Management Code of Practice and reviewed in consideration of ISO22301:2012 Business Continuity.

Our Valued Customers

In addition to our Supplier Negotiations, Weber Packaging Solutions UK & Ireland have also committed additional funding to ensure we have adequate inventory for all divisions of our business: Increased Raw Material Stocks for our Label Manufacturing Division. Increased Assembly components for our Labelling Systems Engineering Division, combined with increased spares inventory for our Service and Support Network. We have undertaken a full review of our Supply Chain model and optimised it to provide our customers with the best possible service and supply of product. Our Customer Service Team have undertaken a review of our existing customers to ensure we identify any potential supply risks and assist them in their ordering practices. As noted previously we have adopted a flexible approach with our customers by methods such as transacting in their home currency combined with Blanket Order Contracts to optimise shipments in an effort to mitigate any latent costs. We will continue to be flexible in our approach to our Export Customers providing a wide range of Incoterms to suit the individual needs of the customer.

Accordingly, through a combination of active risk management and the geographic make up of our supply chain, we do not envisage any unmanageable risk scenario for any of our customers due to the impending Brexit situation. To mitigate any potential supply chain issues Weber continues its review of all customer accounts for any potential supply chain problems with extended managed inventory solutions such as Kanban, JIT, ABC Plan etc. Our Service Division is openly in discussions with our customers regarding aged and obsolete equipment and potential solutions going forward. Weber is actively pursuing Asset Visibility Services to ensure adequate maintenance and parts supply of Labelling and Inkjet Systems.

Business as a Going Concern

The Board of Directors of Weber Packaging Solutions continue to invest in and support the Weber UK & Ireland Group. The group has entered into commitments for both 2019 and indeed through 2020 for both Printing and Finishing equipment. The group intends to pursue its goals in the attainment of increased market share on all product groups and has increased the number of service

and support technicians in the UK and Ireland. Our group has also further increased the range of labelling equipment and engineering services to meet the demands of our customers with application specific requirements. The product releases throughout 2019 and into 2020 have consisted of logistics and warehouse labelling solutions to meet the demands of our customers in this growing sector. We have increased our engineering capabilities to ensure that we can meet the needs of our customers not just in terms of our own product supply but in terms of non-weber products through our affiliations with our partner companies. We will continue to engage directly with our customers on any matters relating to the supply of Weber products leading up to the Brexit end date. It is also confirmed by the Board to remain operating in the United Kingdom beyond the UK's departure from the EU.

Summary

Departure from the EU without a free trade arrangement and managed transition period is not our preferred outcome. However, Weber Packaging Solutions as a group is well prepared for this eventuality and we have all the administrative, legal and IT framework in place to ensure that we have the capability to carry on running the business as we currently operate.

Through active leadership from both the UK and US Head Quarters, we can assure our UK & Ireland customers that we will continue to be reliable partners in supporting your access to Weber products.

Please do not hesitate to contact us if you require further clarification or wish to discuss potential implications for your organisation.

We look forward to supporting you in the years to come



Patrick Hughes

General Manager

Weber Packaging Solutions UK & Ireland

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**COMPANY WITH
MANAGEMENT SYSTEM
CERTIFIED BY DNV GL
= ISO 9001 =
= ISO 14001 =**