

Brexit FAQs

Our position

Envigo is continuously monitoring, preparing and updating its guidance to customers as we approach the key dates of the Article 50 separation of the United Kingdom from the European Union (aka "Brexit"). Envigo established a Brexit task force consisting of senior leadership from key areas of our business to ensure ongoing business continuity for both Envigo and its customers.

This task force continues to meet regularly in order to prepare and implement business process plans and resourcing to anticipate and minimize the impact of Brexit on our business. The following FAQs have been prepared as current guidance and is continually updated as the position between the British Government and the EU develops.

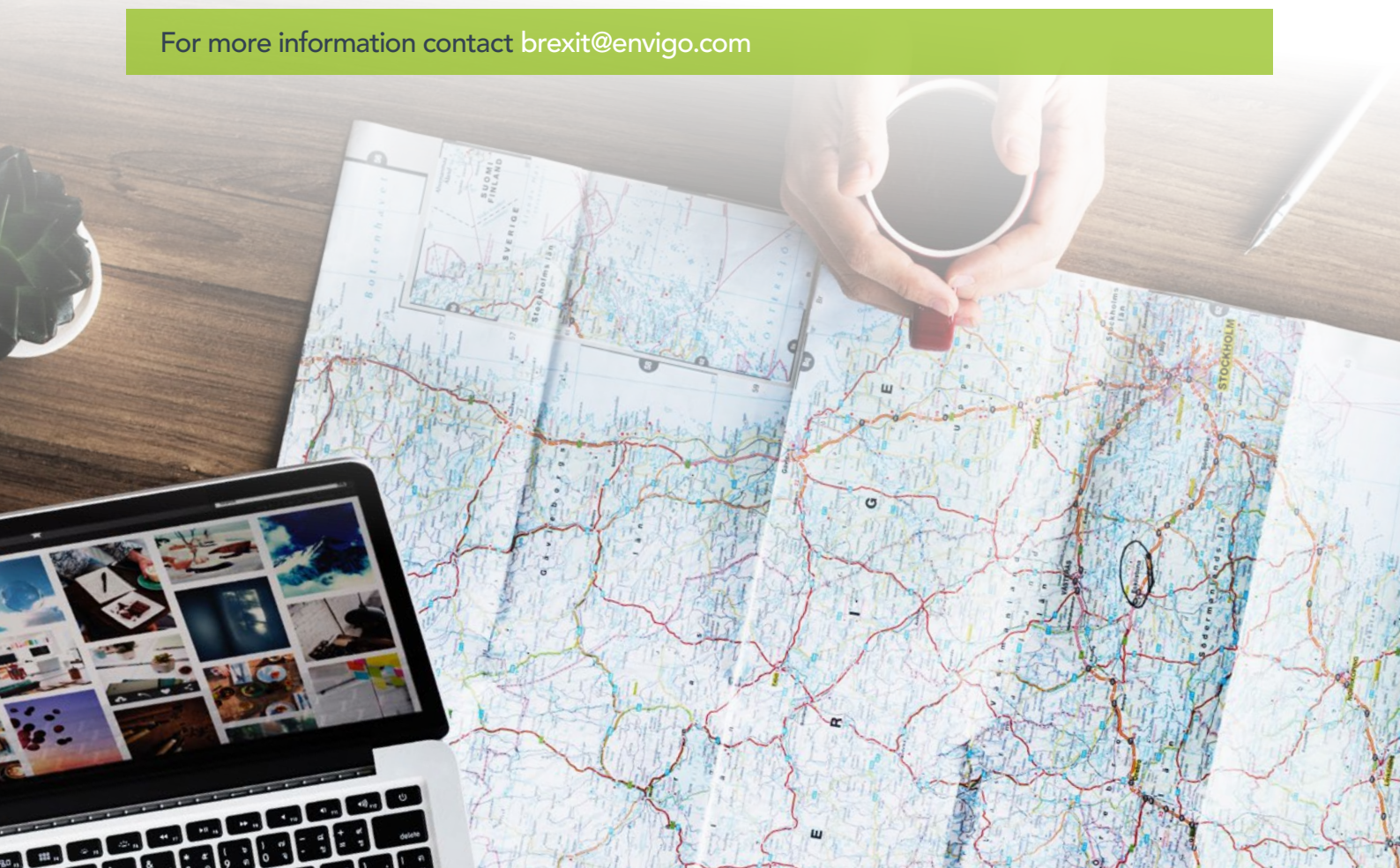
Envigo is working on a number of possible Brexit outcomes. We are considering a number of potential scenarios including a 'worst case', defined as a 'no-deal' between the EU and UK, the features of which include:

- + There is no EU UK agreed trade deal in place after 31 December 2020
- + The UK exits the customs union and hard borders are introduced
- + Movement to Tier 2 Visa system in order to access EU talent

The following is Envigo's current position on how Brexit may affect our business, broken into four key areas:

- + Freedom of trade
- + Talent acquisition and retention
- + Financial impacts
- + GDPR Considerations

For more information contact brexit@envigo.com



Trade (Import / Export / Supply Chain)

Q Will there be tariffs applied to animal costs under WTO?

A Laboratory animals currently have no tax added for movement in to the EU and across the EU, this position will remain the same under WTO

Prices for 2021 are being reviewed as normal and will be confirmed in due course

Q Will there be changes in documentation needed for movements of animals in or out of the UK?

A Import to UK Changes:

Envigo's current understanding is that there will be limited change in terms of documentation required. Also customers can use the AHPA Licence for the import into the UK of live rodents or lagomorphs for research. Our Customer Services team are talking to the relevant customers and can advise any new customers as required.

Our Customer Services team is working directly with customers to make the necessary changes to Incoterms.

Export from UK Changes:

Envigo understands that the export documentation will need to be agreed with the EU and may require an additional licence per shipment. This may take an additional time to secure plus an additional vet check may be required prior to shipment. We are working with EU groups to clarify this position and will update customers once a firm position is confirmed.

Documentation:

Exact documentation requirements are to be clarified, please contact your customer services representative if you have immediate concerns.

Q Will there be any other impact on the movement of animals in and out of the UK?

A The main impact we currently predict is additional delays in shipments due to:

Export licence requests may add time to the process from PO to shipment for small animals being shipped from the UK to the EU. Vet checks might be required at Border Inspection Posts at the airport of arrival.

Additional CITES might be required and thus may add additional time for shipments of animals requiring to travel under CITES from the EU to the UK.

Q Will there be tariffs on any other goods imported in and out of the UK under WTO?

- A Under WTO terms the Envigo team have assessed that there will be additional tariffs on certain goods including our Teklad diet shipments into the UK. Additional costs are being assessed and any cost impact to clients will be conveyed to customers via our commercial sales team as soon as possible.
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Q Has Envigo ensured that its supply chain for its Operations are ready for the change on 1st Jan?

- A Envigo's Procurement team continues to work with it's key suppliers in the UK to ensure that supply chains are secure for the post Brexit period. The team are encouraging suppliers to ensure that they have sufficient stock to cover any transition period at the beginning of January
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Q What will the impact be on the movement of biological products (UK to EU and EU to UK)?

- A We are working with the governmental authorities in the relevant countries together with our international couriers to determine labelling / commercial invoice / payment of VAT / export licence & vet check requirements. We will update all parties once further clarity is obtained. We are sure that this will be determined to ensure continuity of these services as we transition to the post Brexit position
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Q Does Envigo think movement of animals in and out of the UK will have the changes in place ready for 1st Jan

- A Envigo recommends that its clients do not request animals deliveries in or out of the UK during the first two weeks of January in order to ensure that all changes at borders and documentation are in place. If there is a requirement for a shipment early in January we would request that you contact your customer services representative as early as possible in December order that the necessary plans can be put in place
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Q Are there any specific concerns in relation to shipments to Ireland?

- A The changes in movement of goods from UK to both Northern and Southern Ireland is still unknown - further clarification will be provided when we have more information
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Q Will there be a change of Incoterms between Envigo and the final Customer?

A In order to ensure smooth transactions and to avoid delays at Customs, Envigo is planning to be the 'Importer of Record' and to take title of the goods coming from the UK, before these are sold within the European Union to our Envigo Customers. This means that a change of Incoterms will happen between only the two Envigo sister Companies (DDU instead of DAP). Customers will be charged for the local country VAT, as they will be delivered with goods that were introduced within the EU by Envigo.

Customers will not be affected by this change, but they will be charged for the costs we will be incurring by offering this service. Shipments from Mainland Europe into Ireland are still under evaluation

Talent

Q What proportion of Envigo's UK employees are EU nationals?

A Less than 6% of Envigo's UK employees are EU nationals. We have worked with all of these employees to ensure they have the relevant rights to live / work in the UK or EU as appropriate

Q What is Envigo's expectation of the impact of immigration challenges to staffing your UK-based operation?

A This is not expected to have significant impact as Envigo has separate distribution centres in both the UK and EU to enable us to continue to operate under the most favourable trading environment for our customers regardless of trading arrangements between the UK and the EU, or between the UK, EU and the rest of the world. We are committed to recruiting and retaining the best people and to pursue our mission to be the best company to work with and the best company to work for.

Financial

Q What will be the impact on Envigo's finances?

A Envigo is financially stable and resilient: Though there might be minor changes arising from the Brexit transition, we believe that there will not be any significant adverse impact to the business and we will continue to invest in world-class operations and innovation post Brexit.

Q Impact of exchange rate movements on costs, profitability and competitive position?

- A Exchange rate movements are an inevitable fact of the business environment and occur because of numerous factors including, inflation, government fiscal policy, real gross domestic product GDP and expectations around future economic performance and the impact of speculative currency investment. In this regard, they are not deemed to be solely a Brexit specific issue. Exchange rate risk is mitigated by Envigo due it being an international business, which has regional operational centres in proximity to the customer base incurring costs in the same currency of sale.
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Data Protection/GDPR

Q What is/will be the status of the General Data Protection Regulation (2016/679) (GDPR) after the transition period.

- A The UK is committed to maintaining the high standards of the GDPR and the government plans to incorporate it via the European Union (Withdrawal) Act 2018 into UK law alongside the Data Protection Act 2018, at the end of the transition period.
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Q What safeguards will be in place for 1. UK to EEA Personal Data flows; 2. EEA to UK Personal Data flows; and, 3. UK sharing data outside the EEA after the transition period?

- A 1. The UK government has stated that transfers of Personal Data to the EEA will not be restricted and that no additional steps are necessary at this time. 2. The European Commission is presently deliberating on an adequacy decision under Article 45(3) of the GDPR which would enable the transfer of personal data from EEA states to the UK without requiring any further safeguards. Pending such an adequacy decision or in the absence thereof, Envigo is putting in place approved safeguards in the form of standard contractual clauses. 3. Rules for sharing data with countries outside the EEA will remain similar. The UK government has confirmed that there will be transitional provisions to recognise existing EU adequacy decisions and EU-approved transfers safeguards.
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Other

Q What Brexit scenario is Envigo planning for?

A At this stage Envigo is planning for a “no-deal” scenario and have put the necessary actions in place to manage its business on this basis.

Q Has Envigo undertaken an internal assessment of what impact Brexit will have on customer’s business operations?

A Yes, Envigo continues to assess the potential impact of Brexit on both our customers and suppliers. In response to Brexit we have:

- + Our internal task force is continuously assessing the overall business risks
 - + Developing a range of contingency plans to mitigate the effects
 - + Envigo are taking a leading role and working with various industry associations. EARA, ABPI, BIA and UK government departments (e.g. DEFRA, Home office, Her Majesty’s Revenue and Customs (HMRC)). At this stage there are still uncertainties on specific issues e.g. CITES and as such there are still risks that we continue to try and mitigate against. As a result, we would recommend that cross border shipment in the first two weeks of January be avoided.
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Q Have you developed a plan to mitigate the Brexit risks you have identified?

A Yes, and are already initiating action and contingency plans to address potential impacts on our business based upon our current understanding.

Q Does Envigo review and adjust plans based on Brexit negotiations and wider external events?

A Yes, our internal task force is continuously assessing the overall business risks, to ensure the plans are both relevant and appropriate to the current political situation.

Q Whom may we contact to follow up on the responses to Brexit mitigation plans?

A An e-mail address has been established: brexit@envigo.com. This is available for use to allow any specific follow up questions to be raised that you might have in relation to Envigo’s Brexit mitigation plans.



Glossary

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| ABPI | Association of British Pharmaceutical Industry |
| BIA | Bioindustry Association |
| CLP | Classification, Labelling and Packaging |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora (also known as the Washington Convention) |
| DEFRA | Department for Environment, Food and Rural Affairs |
| DPB | Data Protection Bill |
| EARA | European Animal Research Association |
| EU27 | European Union (the 27 European Union countries involved in Brexit negotiations) |
| EUWB | European Withdrawal Bill |
| GDPR | General Data Protection Regulation |
| HMRC | Her Majesty's Revenue and Customs |
| PII | Personally Identifiable Information |
| WTO | World Trade Organization |



If you would like any further information then please contact us:

brexit@envigo.com

envigo.com