



Brexit Q&A

1

Which scenarios are CHEP preparing for?

- The end of the transition period is scheduled to take place on 31st December 2020. We are considering three possible scenarios at that point: a trade deal is agreed, No-Deal or an extension of the transition period beyond the 31st December. The two main scenarios we are preparing for are an orderly Brexit with a trade agreement in place, or a no deal Brexit after the transition period ends.
- Most of the efforts we are making in preparation for No-Deal at the end of the transition period will also help us be prepared in the event of a Brexit deal.
- A No-Deal Brexit may have severe impacts on trade. We are forecasting scenarios such as border delays, introduction of customs duties, need for customs brokers, etc. We have revised our planning process to be able to adapt to differing demands and based on what our customer have told us we have committed to invest on new equipment in order to cover for our customer's stockpiling activities that increase pallet demand and cycle time.

2

How is CHEP supporting its customers?

- We continue to have liaise with over 300 of our key customers in the UK and EU since August 2018 in order to better understand how they are preparing for Brexit and how CHEP can support them.
- During these interactions we have proactively shared our plans with our customers, in order to provide them with confidence that CHEP is managing all of the right risks. We have also communicated our plans around Brexit to the wider customer base.
- We recommend that you identify how Brexit might affect your requirements - specifically in relation to equipment volumes and specifications - and let us know as quickly as possible so that we can work together to minimize any potential impact.
- For additional questions or concerns, your account representative will be happy to help.

3

Which actions has CHEP taken to maintain the same service levels for their customers?

The information from our customers is influencing our planning process to gauge the volume of equipment and locations required to service customers. We expect to operate business as usual (this is subject to no unforeseen or extraordinary events leading to significant fluctuations in our customers' demand and holding periods of our equipment during the Brexit transition).



4

In case of No-Deal, will I need to declare CHEP products on my customs clearance forms for UK-EU cross-border shipments?

No. If CHEP products are underload (with goods), they will be treated as “packaging” and deemed to be declared as part of your goods.

5

How will Brexit affect ISPM 15?

ISPM 15 is a global regulation intended to prevent the spread of plant diseases and pests through wooden packaging materials by requiring them to be heat-treated (HT). Currently, the rules do not apply to pallets moved within the EU – and therefore do not currently apply to movements between the UK and other EU countries.

From January 1st 2021, the UK will become a “third country” to the EU. Therefore, it will become a legal requirement for all wood packaging material moving in both directions between UK and the EU to be compliant with International Standard for Phytosanitary Measures (ISPM 15).

6

How is CHEP safeguarding routes for products coming from Europe to the UK?

This is a risk to the whole industry. We have run workshops with a cross section of departments’ representatives to better understand the implications of a ‘border’. The output has been a set of actions that are now being implemented.

In addition to European suppliers, CHEP also has suppliers within the UK. As part of our preparation for Brexit, if it is deemed necessary, CHEP will increase the stockholding within the UK in line with our plans.