

Brexit Symposium – 10 April 2019 – Manchester

Presented by the Process Chemistry and Technology Group of the Royal Society of Chemistry

Contribution from Dr. Eleanor Newman (GSK)

GSK's approach to Brexit

In preparing for the UK's exit from the EU (Brexit), our overriding priority has been to maintain continuity of supply of our medicines, vaccines and consumer healthcare products to people in the UK and EU.

As a result, we have taken a risk-based approach to planning and mitigation, allocating costs of up to £70 million to implement relevant changes over the next one to two years, while the future relationship between the UK and EU is negotiated. We have made good progress in implementing our Brexit contingency plan in 2018. Our activity has included: arranging the retesting and certifying of our medicines in Europe; submitting marketing authorisation holder transfers; updating packaging; securing additional warehousing; and supporting employees in obtaining settled status or equivalent in both the UK and Europe. UK technical guidance, which outlines acceptance of testing from EU sites for a time-limited period, has allowed us to reduce some potential duplication in our supply chain in the short term.

Our Brexit plans prepare us for elements that are within our control. We have significant experience of maintaining resilient supply chains, and we have used existing processes to develop a new supply model based on the UK leaving the EU in March 2019. To minimise disruption to patients, we have also adjusted stock levels in both the UK and EU. Uncertainty remains about the new operating environment, and as a result we support efforts to secure a status quo operating period post-Brexit, and UK and EU preparations to minimise potential disruption to the supply of medicines to patients.

We anticipate subsequent and ongoing costs arising from Brexit could include further customs duties and will include the cost of duplicate testing and release of our products. We continue to estimate these potential costs at approximately £50 million per year. As more details emerge on how our business will need to change after Brexit, the assumptions underlying these forecasts could change, with consequent adjustments up or down. We will continue to revise our plans and their expected financial impact as negotiations and regulations develop. Over the longer term, we continue to believe that Brexit will not have a material impact on our business.

<https://www.gsk.com/en-gb/investors/corporate-reporting/annual-report-2018/>