

# Altecnic Limited

## STRATEGIC REPORT

---

### ***Macro-Economic Environment***

Brexit continued to be the theme into 2020. The company continued its pro-active activities to mitigate any potential risk created by uncertainty. The company increased stock holding in the event of any delays at customs and to protect its customer base and ensuring service levels are maintained.

In preparation of customs formalities borne by Brexit, modifications were made to IT and Administration functions to ensure that issues with movement of goods post 31 December 2020 did not affect the business and its customers.

The company operates within several market sectors.

- Trade division achieved all targets within a competitive marketplace. Several new product lines were brought into the range to support growth and focus on existing core product lines remained a key objective.
- OEM division continued to seek out new opportunities starting in 2020 and although some projects were delayed, new projects started that will continue to generate sales for 2021.
- Specification division continued to suffer from project delays and economical concern however, the introduction of a wider range of commercial HVAC products helps support our activities.

### ***Regulatory Environment***

We are subject to a multitude of quality, safety, environmental and regulatory requirements. We continuously monitor changes in laws, regulations, and standards, adopting systems and policies to remain compliant. Whilst this is costly, it clearly differentiates us in the marketplace. Customers can have the confidence in our quality of product and the sustainability of our services along with the futureproofing of our product ranges.

### ***Staffing Issues***

We are committed to continue the development of key staff through training. We strive to be the market-leading provider of product lead through quality of products support by best-in-class service / support. Investment will continue to be a priority for all staff and emphasis on staff training and product training remaining a priority.

## FINANCIAL INSTRUMENTS

### ***Credit Risk***

The company is aware that the failure of individual large customers to honour its debts or a general worsening of overdue debts could have a material impact on cash flow. Debtor days are strictly monitored and reported upon.

### ***Liquidity Risk***

The company retains cash to satisfy working capital and internal investment requirements in the short and medium term.

### ***Hedging Transactions***

The majority of Altecnic products are sourced from overseas and denominated in Euro and US Dollar. Fluctuations in currencies against Sterling could materially affect the company's performance. The company sets internal exchange rates for determining pricing and enters forward contracts based at or better than these rates when it is considered appropriate to do so.

### SECTION 172 STATEMENT

The directors of the company, must act in accordance with a set of general duties, as detailed in section 172 of the UK Companies Act. The directors must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act as fairly between shareholder / members of the company.

The company has a management team in place who act under instruction from the UK directors via delegation of roles and responsibilities to achieve the strategy. Regular reviews of these objectives in line with our risk register are in place and are amended to suit any changes in the risks / environment.

Details of how directors fulfil their duties in each area are identified as follows.

#### ***Consequences of decisions in the long term***

Each year, the Board reviews the business long term strategy, including the business plan. Part of this formula and plan is the financial budgets and investment / development plans. As part of the decision-making process, the Board has regard to the interests of the stakeholders, the consequences of its decisions in the long term and its reputation.

In approving the business plan, consideration to external factors such as competitors' behaviours, general market conditions along with social, political and economic environment. Where aspects are significant, additional forecasts are actioned as in the example of Brexit, these are undertaken in a timely manner.

#### ***Interest of the company employees***

It is clearly understood that the benefit of employee engagement is essential to deliver the business plans. We must maintain our communication flow and several tools are in place to ensure an effective information flow, whether through formalised meetings, internal notification or information displayed on screens within business.

Regular meetings are held with management teams on day-to-day activities along with the aims and objectives of the business and engagement to all staff via the technologies in place in the business are key. A training plan is in place to help develop our staff and product awareness.

The company is committed to continuing to provide support to our staff who are home working along with ensuring we have a safe working environment in our Stafford distribution centre. Our focus has been on the physical health and safety of our colleagues and health and wellbeing of our staff. 2020 saw the completion of the office refurbishment providing an improved working environment for all employees.

#### ***Business Relationships***

Key to our business is our relationship with our stakeholders, it is important that we have a culture which is aligned to our goals – our ethos is about long-term stability and co-operative approach for mutual gain with regular business reviews and progression of joint initiatives. Customer service excellence is foremost in our strategy and aligned to operational excellence whilst we are being agile.

It is essential that we have engagement with stakeholders to ensure we understand all party's needs, during 2020 we introduced the NPS rating scheme to support our customer engagement and help us drive and achieve operational excellent and ultimately deliver sales growth.

# Altecnic Limited

## STRATEGIC REPORT

---

### ***Impact on the community and environment***

As a business we have a culture that makes reducing our environmental and social footprint at the core of our business. As a result, we are supporting a few local charities with fund raising in line with our updated packaging / branding strategies with our supply partners to reduce our total environmental impact.

### ***High standards of business conduct***

The directors uphold the reputation of the business in the highest esteem and this approach is taken across all aspects of the business and this is not limited to internal or external activities.

## STREAMLINE ENERGY AND CARBON REPORT (SECR)

### ***Environmental strategy***

The company is classified as a large unquoted company due to its size. This report is for the financial year ended 31<sup>st</sup> December 2020.

The company takes its role in protecting the environment and minimising its impacts seriously. Altecnic has recognised the importance of its environmental responsibilities, and through its commitment to ISO 14001 analyses, measures and monitors its aspects and impact on the environment.

### ***Environmental performance and methodology***

The company decided to follow and adapt, for SECR reporting, a widely-recognised Greenhouse Gas Reporting Protocol – Corporate Standard methodology. As at 31<sup>st</sup> December 2020 Altecnic’s energy usage and carbon emissions were as follows:

<b>Energy Type</b>		<b>Energy Use (kWh)</b>	<b>% Split (kWh)</b>	<b>Emissions (t CO<sub>2</sub>e /Yr)</b>	<b>% Split (t CO<sub>2</sub>e)</b>
Combustion of gas in services	(Scope 1)	313,128	37%	57.575	32%
Combustion of LPG in FLT's	(Scope 1)	15,645	2%	2.827	2%
Transport	(Scope 1)	187,938	23%	46.244	25%
Electricity	(Scope 2)	304,105	36%	70.899	39%
Hybrid Vehicle Electricity	(Scope 2)	15,441	2%	3.600	2%
<b>Total</b>	<b>(Scope 1 &amp; 2)</b>	<b>836,257</b>	<b>100%</b>	<b>181.145</b>	<b>100%</b>

Scope 1 emissions are associated with energy used from combustion of controlled or owned fuel sources. This can be combustion of LPG for FLT’s or natural gas for provision of heating and Domestic Hot Water (DHW) within Altecnic’s premises. It also includes fuel used for transport purposes (petrol and diesel) used to meet its business transport requirements.

Scope 2 refers to the emissions from electricity purchased and used by the organisation, along with use in hybrid vehicles. Emissions are created during the production process of the energy, which is eventually used by the organisation. Emissions CO<sub>2</sub>e conversion factors for UK grid-supplied electricity tend to change (decrease) every year due to the higher contribution of renewables and grid decarbonisation process.