

Unipres (UK) Limited – Section 172 statement



The Directors considered (a) to (f) when performing their duties.

(a) The likely consequences of any decision in the long term.

The Unipres (UK) Limited Pension and Life Assurance Scheme (the scheme) is a defined benefit pension scheme, which was closed to new entrants with effect from 1 January 2008, and closed to future accrual with effect from 1 June 2014. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2016, with details included in note 18. The company currently has a recovery plan to contribute £61.9M to eliminate the deficit. The company must agree with the Trustees a new recovery plan as part of the triennial valuation process by March 2021, which may affect future retained earnings available for investment.

Despite a challenging year, the company continued to invest in tangible fixed assets £29.5M (2018: £17.8M) to secure the long-term future that will support all stakeholders and the local economy.

Brexit trade terms need to be clarified which will then determine how the company minimises the risk to future operations. This clarification is key to the reaction of our main customer and their commitment to existing operations in the UK.

(b) The interests of the company's employees.

The company continues to actively engage with employees through feedback forms and wellbeing surveys to understand their needs. Plantwide briefs that are held biannually inform employees about the company's financial performance, KPI's, health safety and environmental legislation and future vision, with the opportunity for employees to ask questions directly to Board members. An example includes how employees will be affected following Honda's announcement to exit the UK.

A Review Committee made up from employee representatives regularly meet with Company representatives to share information and consult on changes that may affect the workforce.

- (c) The need to foster the company's business relationships with suppliers, customers and others.

Competitive pressure is a continuing risk for the company which could result in loss of business to key competitors. The company manages this risk by striving to continuously improve quality, cost and delivery performance, by capitalising on its technical expertise and maintaining strong relationships with its customers.

A high proportion of the company's business is placed with one customer. The company manages this risk by maintaining a strong relationship with its main customer, working together to achieve value add / value engineered ideas to support efficiency improvements.

The company is in close contact with its customers and suppliers that are considered a risk in the event of no trade deal when the UK leaves the EU. Our customers have communicated their expectations and advised their plans for any production changes in the short-term. We have contacted and verified with our at risk suppliers their strategy in relation to trade terms.

- (d) The impact of the company's operations on the community and the environment.

The Unipres Training Academy (UTA) used to develop our apprentices and upskill the existing workforce has continued to succeed. During the year the Academy continues to support the School Engagement Programme, which we see as crucial to the engagement of younger people in STEM related careers.

UTA is key to engaging with schools and allows the company to promote engineering and manufacturing within the automotive sector which contributes significantly to the North East and Midlands regions in England. This is facilitated at the company's main site and actively participating with groups such as the North East Automotive Alliance (NEAA) and Society of Motor Manufactures and Traders (SMMT).

The company's health and safety policy considers a number of KPI's. In 2019 the number of accidents per employee reduced to 0.12 (2018: 0.14), which continues the trend from 2017. It is planned that in the year ahead the company will build on this base to strive for zero injuries and continue educating all levels of employees. The company continued its activities to reduce its impact on the environment through compliance with ISO14001:2015.

In an effort to reduce the energy consumption the company plans to introduce a solar installation at its main site in Sunderland.

Unipres (UK) Limited – Section 172 statement



- (e) The desirability of the company maintaining a reputation for high standards of business conduct.

The company has policies relating to code of conduct, which explains the manner in which we behave as an organisation and how we expect our employees to act. And code of ethics that supports the Global Corporate Social Responsibility (CSR) requirement to perform our day to day activities at work and a guideline of how we conduct ourselves in our private lives as well.

- (f) The need to act fairly as between members of the company.

There is only one shareholder, Unipres Corporation. The Directors communicate strategy and mid-term plan corporate challenges between local and group management, through regular audio meetings and visits to site representing member interests.