



**Dr. Oetker (UK) Ltd Section 172 Statement**

The Dr.Oetker (UK) Ltd senior management team consists of the Managing Directors and an Executive Head team. They meet once a month to discuss and review strategic decisions.

The Executive Head team bring a wealth of experience and skills, representing each key function of the business. This allows for a balanced and measured approach for appraising strategic decisions, ensuring the business fulfils its responsibilities, whilst considering the impact on all stakeholders.

To support this, the business has robust systems and policies in place, which ensure the business complies with its legal responsibilities, maintaining high standards and safe guarding its stake holders.

The Board of Directors of Dr. Oetker (UK) Ltd consider, both individually and together, that they have acted in good faith promoting the best interest of the business and its stakeholders, in compliance with their duties under s172 of the Companies Act 2006.

**Who are our stakeholders?**

- Employees
- Suppliers
- Customers/Consumers
- Local Communities
- Parent Company

The stake holders have been identified as the parties affected by operations and decisions made by the business.

**How we communicate with our stakeholders.**

As well as the conventional forms of communication, such as telephone, e-mails and letters we also use the following:

<b>Employees</b>	<b>Customer/Consumers</b>	<b>Parent Company</b>	<b>Suppliers</b>	<b>Local Community</b>
Employees App for mobile phones	Presentations	Management accounts reporting	Meetings	Open Days
Communication Events	Trade shows	Budgetary planning and presentations	Surveys	Consultations
Intranet	Social Media	Year End reporting		Planning Application
Surveys	Website	Board Meetings		
Monthly meetings	Customer care team			

**Reflections on 2019 challenges and decisions**

**Managing Directors –Acquisition**

During the year the business secured the acquisition of Cake Craft World Limited and Cake Decorating TV Limited. The strategy is to continue in principle the current business format, consequently no large-scale changes were made to the company.

Dr. Oetker (UK) Limited is registered in England with company number 04293376 and VAT number 789 0969 53.

Registered office address: 4600 Park Approach, Thorpe Park, Leeds, West Yorkshire, LS15 8GB, UK.

Directors: Dr. Alexander Edelmann, Georg Heerdegen Parsbo, Dr. Martin Reintjes, Dr. Johannes Rosenthal.

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As a result of the acquisition some changes were made to the team structure in regards reporting lines, including the recruitment of a new Finance and Operations Manager. All Employees retained their employment contracts.

The stakeholders most affected by the acquisition were the employees, who were part of wide ranging communication programme, which consisted of one-to-one meetings and “town hall style” staff meetings.

### **Sales**

The greatest challenge for the Sales organisation in 2019 was the uncertainty around Brexit and notably the planning required around managing demand. Our Customers were the key stakeholders in this regard as the conduit to the consumer. We ensured that through our commercial and supply chain contacts we were in constant communication, ensuring that we could react to any spikes in demand ahead of pending Brexit deadlines. This resulted in some customers taking additional stockholding and then releasing this over the following months when it became clear that the decision to exit the EU was deferred. Our Professional division was impacted the most by this, driving in cost and complexity to all stakeholders.

In addition to this we saw unprecedented demand across our portfolio of brands, and as such we needed to work closely with our stakeholders (customers / consumers / outsourced field sales team / internal colleagues) to ensure that we planned our distribution equitably across our customer base. This was particularly relevant to promotional activity across Pizza.

### **Purchasing**

As a UK and International Procurement organisation each year we are constantly analysing risk to the business. This can be related to availability of goods, pricing and sourcing strategies. One of the major additional considerations related to Brexit and the potential impact on our sourcing strategy. There has been an ongoing process in the past few years to mitigate these risks on behalf of the business. The impact of these strategies may affect our production facility in the UK or where we purchase goods from third party suppliers.

A comprehensive trialling programme in conjunction with many departments of the business, including Innovation and Development, Quality, Production, Marketing and our Health and Safety department are all part of this process, in order for us choose the right supplier and product for our business. The outcome and acceptance of this process is agreed by all the relevant departments at regular meetings.

In addition we have an International Procurement Organisation which will have an integral input into this process with the relevant Commodity buyers, located in many countries. The change in any supplier source is captured on an international platform and reported to senior management in a regular format.

### **Marketing**

It has been a busy year for the marketing team, and a decision to reposition the Chicago Town brand was made after a full evaluation. This involved new packaging design and new communications, which impacted on the following stakeholders:

- Customers/Consumers
- Dr. Oetker (UK) Ltd Sales team
- Dr. Oetker (UK) Ltd main board team
- Executive Management team (EMT)
- International Marketing team

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Full evaluation of the brands previous performance was prepared and shared amongst internal stakeholders to seek their buy in to the process. This included sharing consumer research results via presentations and training, to ensure the new brand position was understood and communicated correctly internally and externally.

All internal stake holders are confident in the completeness of the work carried out and fully supportive of the brand reposition, which will motivate the customers and consumers to make future purchases.

### **Manufacturing**

Through the annual planning and budgeting process it was identified that, due to continued sales growth, the manufacturing capacity on one production line would not be sufficient to satisfy the future sales demand. Internal processes were put in place to maximise the output of the line but ultimately an additional production line would be required by 2023. A location on the northern perimeter of the Leyland site was identified for a new finished goods store and new production building to house the new production line to be built in 3 phases. An investment proposal was then presented to all stakeholders including:

- Dr Oetker UK Leyland Employees – outline summary
- Dr Oetker UK Executive Management team – Details of all aspects
- International supply chain – outline and capacity implications
- Dr Oetker board members – Details of all aspects
- International Pizza Production Unit – Details of all aspects
- Residential neighbours – potential impact and consultation on potential changes to improve
- Industrial neighbours – outline summary
- Local Council – Details of all aspects
- Environment Agency, Highways commission- impact on specific areas

Following the consultations the project was approved internally and externally. The design of the buildings were changed substantially, following the voluntary consultation meeting with neighbours, to reduce any noise and light pollution impact as well as reducing the height of the buildings and increasing the distance from neighbours to minimise any shadowing effect.

### **Supply Chain**

Preparation for Brexit has been the biggest challenge for supply chain, ensuring we could continue to supply our domestic and overseas customers with minimum disruption, and ultimately ensuring the consumer could still enjoy our goods.

Part of the preparation was to secure Authorised Economic Operators status, which will help Dr. Oetker (UK) Ltd move goods across borders with reduced friction in regards custom checks. The business also implemented a stock building programme to help cope with potential disruptions to supply.

During these preparations the supply chain team worked closely with Sales, Manufacturing and the customers to manage the demand for product. Regular meetings were held with the key stakeholders, reviewing current forecast against demand and communicating changes.

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