



**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 legal 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 the s172 Companies Act 2006.

**Who are our stakeholders?**

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

**How we communicate with our stakeholders.**

During the year some conventional methods of communication, such as face to face meetings had to be paused to fall in line with the governments working from home advice. However the Managing Directors have made every effort to maintain communication using virtual methods such as Teams and Skype. Conventional forms of communication, such as telephone, e-mails and letters were continued to be used as well as the following:

Employees	Customer/Consumers	Parent Company	Suppliers	Local Community
Employees App	Presentations	Management accounts reporting	Surveys	Mediator
Communication Days	Teams Meetings	Budgetary planning and presentations	Teams Meetings	
Intranet	Social Media	Year End reporting		
Surveys	Website	Board Meetings		
Monthly meetings	Customer care team			

**What our senior management team have to say on the businesses challenges of 2020**

**Sales**

2020 was dominated by COVID-19 and a number of the key decisions that were made in Sales related to this. Demand for our products saw a near immediate upturn in both the Cake and Pizza categories at the start of the first lockdown

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back in March, and it was evident that this would outstrip supply. We therefore decided to remove all promotion activities in the Pizza category between late March and June to ensure that we had sufficient stock to meet base demand. This action was well received by our customer stakeholders and in many cases they had proactively approached us to instigate. This enabled us to broadly meet their demand requirements and removed considerable pressure and tension in our trading relationships and thus improving the working environment of our internal customer facing colleagues. The situation with Cake demand (unprecedented demand increases over a sustained period) and the nature of the category (not promotionally driven) meant that we did not have sufficient stock to meet customer requirements. Therefore our duty was to ensure that stock was allocated on an equitable basis. Increased communication (weekly virtual cross functional meetings) and collaboration over the lockdown period and beyond helped to protect customer relationships.

Likewise we worked with customers ahead of the Brexit deadline to ensure that we had an appropriate stockholding in place to manage throughout a period of great uncertainty. To achieve this we made a decision to cap some customer orders as we approached year end, if based on the data, the customer did not need the stock. By doing so we ensured that once again all customers would get a fair share in the event of a crisis, which thankfully did not materialise.

One further action that was taken was to increase our focus on the e-commerce channel. Due to the rapid increase in the scale of e-commerce as a consequence of COVID-19 we increased the internal focus and now have a team of 4 in Sales alone dedicated to this channel, with many more working on it across other business channels. This enables us to offer far greater insight and investment to the benefit of both customers and consumers.

### **Purchasing**

As an ongoing process the Procurement department (both locally and internationally) constantly measures the level of risk to the business both from a supply and cost basis. This has never been more important than in 2020 when the impact of external factors such as COVID-19 became critically important to the business. A weekly measure was made to gauge those suppliers who were adversely affected by the pandemic (both from a production viewpoint but also any scarcity of available raw materials) and its potential impact to Dr. Oetker UK. Sales increased substantially during the year which placed a pressure on the inbound supply chain. 'Early warning systems' with highlighted risk to supply were implemented. There was also a period of time where the business agreed to a more limited number of product SKUs from some suppliers to reduce complexity and production stoppages at the suppliers. As a result, the suppliers were able to keep to the level of supply required to the point where it had minimal impact upon the factory.

Throughout the year a significant amount of time and effort was spent in preparation for Brexit. Regular meetings took place with many departments of the business including Production Planning, Quality, Supply Chain and the International Purchasing function (POOL: Procurement Organisation of Dr. Oetker Lead Buyers). A decision was made to build up raw material, packaging and third party suppliers stocks for year end. This was to ensure there was sufficient available material to run the factory in early 2021 irrespective of any delivery issues from non UK suppliers. This was a successful process which resulted in production being unaffected by any Brexit related issues to date. The next phase of this process will continue during the current year in an attempt to reduce risk as a result of being separate from the EU (where a significant amount of our suppliers are based). This includes investigating possibility of consolidated loads, exploring ability to supply those products from the UK and full cost transparency of delivery along with adapting Incoterms to best reflect the current and future business requirements.

On an international basis there has now been a declaration of the new Sustainability standards required throughout the business. Eleven defined projects from this programme involved the purchasing department and members of the UK purchasing team are directly involved with a number of these projects.

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## **Marketing**

Understanding consumer sentiment and behaviours, and how they have changed in response to COVID-19 pandemic has been important for the marketing team at Dr. Oetker in 2020. Gaining this understanding through ongoing market research and monitoring changes in shopping behaviour has been used by the marketing team to shape communications planning throughout the year. The marketing team have consulted with colleagues in Sales, Supply Chain planning and manufacturing to ensure communications have been aligned with availability of products. They have also worked closely with agency partners to ensure that the tone and timing of any consumer communications was appropriate.

## **Manufacturing**

The COVID-19 pandemic has been a significant challenge to the Dr. Oetker (UK) Ltd.

The food sector we operate in was deemed an essential industry, and as such the business faced an unprecedented challenge of manufacturing in as safe an environment as possible to maintain continuity of supply when facing into an increase in consumer demand with a fragile global supply chain and much higher than normal employee high absence rates.

As a business, the consideration of the potential impact of COVID-19 started in January 2020 as the virus started to spread outside of China. The decision to move to working from home where possible was taken as a first major step ahead of the first UK wide Lockdown in March 2020.

Multiple communication channels and dedicated teams were established to increase effective communication and decision making with the main stakeholders in Germany and UK

- Dr. Oetker board members- UK MD's attending the International Corona Crisis team
- International PPU- Weekly updates with the Head of PPU
- Dr. Oetker (UK) Ltd Executive Management team – Monthly meetings moved to weekly meetings
- Dr. Oetker (UK) Ltd Leyland Employees – 6 weekly Employee Representatives Forum moved to weekly meetings
- Industrial neighbours – communicated with regarding staff support
- Local Council – Updates on action taken as requested

A cross functional UK COVID-19 Crisis team was established to support implementation of control measures, improve communication across all stakeholders and react to changes in Governmental controls as the virus spread through the UK and other countries in our supply chain.

Significant investment in robust IT systems in prior years supported the efficient and effective move to working from home where possible.

To manage unusual and increased sales demand the monthly Sales and Operations planning cycle/meeting was changed to weekly for a core team comprising of Sales, Logistics and Manufacturing.

Reduced access to the manufacturing site has delayed some planned investments, which have been in the most part rescheduled by working closely with the relevant suppliers.

A significant number of best practice measures were established to mitigate the risk of spreading the virus through the staff attending work with effective communication of rationale, reinforcement and clear guidelines considered at all stages.

A cross-functional RTW (Return to work) team was implemented and managed the daily return to work process for all employees impacted directly or indirectly by the virus.

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## **Human Resources**

In March 2020, a week ahead of the national Lockdown, the business took the decision to ask all of those that could work from home to do so. This included all of the Leeds office and approx. 60 employees at the Leyland site. The business has ensured regular communication with all employees, ranging from video updates from the Managing Directors via the app to weekly meetings with the Employee Representative Forum. Dedicated email groups were created to communicate specific information to home workers, e.g. Tips for working from home etc. and due to the different ways of working Virtual Communication days have been held to ensure that these quarterly events have been able to continue.

2020 saw a focus on Mental Health and Wellbeing to support employees during the pandemic. A wellbeing calendar was developed and ensured a range of topics were covered throughout the year and delivered in ways that reached all employees whether site or home based. Topics covered included loneliness, winter wellbeing, physio sessions and Christmas fun which gave employees the opportunity to experience the social interaction they would normally experience at that time of the year, albeit in a different way. A recognition scheme was introduced in the form of Bear Hugs as a way to thank a colleague or just send some good vibes! This will continue in to 2021. A Wellbeing survey was undertaken asking colleagues what worked well and which well-being topics they would like to see in 2021, which have been incorporated in to the 2021 calendar.

The business partnered with a trusted Learning and Development professional who has worked with the business for a number of years to deliver the LEAP training course to managers across both sites. This programme focused on ensuring managers felt equipped to manage and lead their teams in the virtual world, building skills such as self-awareness and resilience.

All of the above approaches ensured that employees felt informed and engaged during the challenging times of the pandemic, and business operations were not only maintained but delivered successfully during this time.