

Baxi Heating UK Limited

Extract from the statutory Report & Accounts for year ended 31 December 2020

Section 172(1) statement

The Board of Directors consider that they have acted together and individually in good faith, in a manner that would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to factors (a) to (f) of section 172 in the decisions made during the year ended 31 December 2020. The following paragraphs demonstrate how we have applied section 172.

The Board's approach

As the Board of Directors, our intention is to behave responsibly towards all stakeholders and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours whilst delivering the Company's mission, vision and values.

Our mission, vision and values underpin everything the Company does; the way we behave, how we work with our stakeholders and the pride we take in our products and services.

Our Mission

Creating lifetime customer loyalty.

Our Vision

Leading the market in smart low carbon heating solutions.

Our Values

- Reliable and responsible
- Health and safety
- Positive and passionate
- Trust and respect
- Innovation

Baxi Heating UK Limited strategy

The Company is part of the BDR Thermea Group. The Group has established a strategic programme reflecting the changing global environment and key megatrends relating to energy transition, digitisation and a shift in global economic power. The megatrends have been accentuated and accelerated by the global response to Covid-19. The strategic "Change with Energy" programme of BDR Thermea Group is based around the following strategic priorities:

- Grow boiler and heat pump market share and profitability;
- Reshape the product portfolio for energy transition;
- Change the distribution and profit model
- Improve the competitiveness of BDR Thermea

The Board, together with the UK exec team have reviewed these strategic priorities, and developed a 5 year strategic plan for the UK, with a 10 year outlook, based around the same priorities and megatrends, recognising sustainability as the 4th key megatrend influencing the business over the coming years. In doing so, the Board, together with Executive management, have identified the key stakeholders and the impact upon each. This has enabled the Board to determine long term strategic objectives which promote the success of the Company whilst benefitting the shareholders as a whole.

Key stakeholders

The Directors continually monitor and review the Company's main stakeholder groups and the existing channels of engagement with each to ensure that their views are understood and can be considered in decision making. Key stakeholders identified include employees, customers, suppliers and our shareholders. In addition, the Directors also consider the impact of the Company's activities on the communities and the environments within which it operates, which are also covered in the CSR section on page 3 of the financial statements (available at: <https://www.gov.uk/get-information-about-a-company>).

Key decisions made in the year

At the start of 2019 the decision was taken to close the Preston foundry and relocate the Norwich manufacturing and R&D activities to the Preston site. This program has continued throughout 2020, with timescales impacted by the Covid outbreak, but remains on target for completion in early 2021. Manufacture of a number of key product lines have already successfully transferred to the Preston site through the year with the required training and handover activities taking place in a Covid secure manner.

Following the integration of external sales and back office activities from the Norwich operation, further streamlining of the sales teams and administrative activities at the Warwick site was carried out resulting in 40 additional redundancies during the 2nd half of the year. The implementation of these changes was undertaken following consultation with employee representatives, and individual consultation of all affected employees.