

# Altecnic Limited

## STRATEGIC REPORT

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### SECTION 172 STATEMENT

The directors of Altecnic, must act in accordance with a set of general duties, as detailed in section 172 of the UK companies act. The directors of Altecnic must act in the way that it considers, 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 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 exacting standards of business conduct, and
- the need to act as between shareholder / members of the company.

Altecnic 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.

- Each year, the board review the business long term strategy, including business plan. Part of this formula and plan are the financial budgets and investment / development plans. As part of the decision-making process the board focus remains with the interest of the stakeholders and the consequences of its decisions in the long term and its reputation.
- In approving the business plan, consideration is given to external factors such as competitors' behaviours, general market conditions along with social, political, and economic environment. Where aspects are significant, additional forecasts, as in the example of post Brexit legislation, are undertaken in a timely manner.

#### *Interest of the company employees*

It is clearly understood that employee engagement is essential to deliver the business plan. 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 the business.

Regular meetings are held with management team on day-to-day activities along with the aims and objectives of the business and engagement with all staff in business are key.

Altecnic work hard to provide support to our staff with the introduction of flexible working scheme for home working. Our focus has continued to provide support for both the physical and mental wellbeing of our staff.

As part of the recognition of health and safety in the business – we were proud to have received RoSPA Awards in the past and is one of the most prestigious and recognised schemes in the world with almost 2,000 entries every year, 50 countries and a reach of over 7 million employees. The RoSPA health and safety awards are truly global and open to teams and companies from anywhere in the world.

#### *Business Relationships*

Key to our business is our relationships 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 journey / experience is foremost in our strategy and aligned to operational excellence whilst we are being agile and will continue in 2024.

Our key account management roles, have helped support the desire for improve links and profile with major accounts, have seen success and aim is to expand this function in to 2024.

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### *Impact on the community and environment*

We strive to reduce the environmental impact of our products and operation along is at the core of our business. Also, within our supply chain on packaging / branding with our supply partners reduce our total environmental impact. We are supporting local charities with fund raising activities and or sponsorship.

### *Exacting 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*

Altecnic is classified as a large unquoted company due to its size. This report is for the financial year ended 31<sup>st</sup> December 2023.

Altecnic 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.

During the reporting year, and future years we are taking the following steps to reduce our environmental impact:

- Promotion and support of electric hybrid and fully electric vehicles to remove local emissions.
- Improved on-site electric vehicle charging facilities to support the above, and provide them for all employees.
- Continuation of use of virtual communication tools, such as Google Meet to reduce business mileage.
- Communication of previous Scope 1 & 2 emissions amongst wider business to promote energy reduction targets.
- Assessment of the business' whole carbon footprint to guide additional initiatives.
- Adoption of environmental considerations in the development/renovation of business facilities.

### *Environmental Performance and Methodology*

Altecnic decided to follow and adapt, for SECR reporting, a widely-recognised Greenhouse Gas Reporting Protocol – Corporate Standard methodology and use the DEFRA / BEIS UK Government GHG conversion factors for company reporting which were updated in 2023. As at 31<sup>st</sup> December 2023 Altecnic's energy usage and carbon emissions were as follows:

Energy Type		Energy Use (kWh)	% Split (kWh)	Emissions (tCO <sub>2</sub> e/Yr)	% Split (tCO <sub>2</sub> e)
Combustion of gas in services	(Scope 1)	347,368	33.3%	70.402	31.7%
Transport	(Scope 1)	267,849	25.7%	63.167	28.4%
Electricity	(Scope 2)	343,944	33.0%	71.065	32.0%
Hybrid Vehicle Electricity	(Scope 2)	72,148	6.9%	14.922	6.7%
Transport (Grey Fleet)	(Scope 3)	11,448	1.1%	2.742	1.2%
<b>Total</b>	<b>(Scope 1, 2 &amp; 3)</b>	<b>1,042,757</b>	<b>100%</b>	<b>222.298</b>	<b>100%</b>

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Scope 1 emissions are associated with energy used from combustion of controlled or owned fuel sources. This is the use of 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) but note that employee owned vehicle use for business purposes are reported under Scope 3 (Grey Fleet).

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.

2023 saw Altecnic's Energy Use and Emissions increase by 5% against 2022 despite its efforts to the contrary. A significant part of this increase was the addition of a new warehouse facility which, although not yet operational, has increased energy usage due to background consumption and countered the 4% reduction in energy usage at our other facility. Altecnic has also seen an increase in the use of gas in Heating and Domestic Hot Water during the reporting period.

Reporting Year	Energy Consumption and associated greenhouse gas emissions per employee				
	Total Energy Consumption (kWh)	Total greenhouse gas emissions (tCO2e)	Total number of employees (TNE)	Intensity Ratio (kWh/TNE)	Intensity Ratio (tCO2e/TNE)
2020*	836,258	181.144	94	8,896.36	1.927
2021*	891,454	225.876	96	9,285.98	2.353
2022	996,607	211.399	105	9,491.49	2.013
2023	1,042,757	222.298	105	9,931.02	2.117

Reporting Year	Energy Consumption and associated greenhouse gas emissions per £100,000 of annual turnover				
	Total Energy Consumption (kWh)	Total greenhouse gas emissions (tCO2e)	Annual Turnover (£)	Intensity Ratio (kWh/£100,000)	Intensity Ratio (tCO2e/£100,000)
2020*	836,258	181.144	36,884,491	2,267.23	0.491
2021*	891,454	225.876	48,731,633	1,829.30	0.464
2022	996,607	211.399	52,730,763	1,889.99	0.401
2023	1,042,757	222.298	53,748,722	1,940.06	0.414

Reporting Year	Energy Consumption and associated greenhouse gas emissions per 100,000 PCS sold				
	Total Energy Consumption (kWh)	Total greenhouse gas emissions (tCO2e)	Qty of PCS Sold	Intensity Ratio (kWh/100,000 PCS)	Intensity Ratio (tCO2e/100,000 PCS)
2020*	836,258	181.144	6,691,701	12,496.94	2.707
2021*	891,454	225.876	8,631,193	10,328.29	2.617
2022	996,607	211.399	7,764,805	12,834.92	2.723
2023	1,042,757	222.298	7,146,333	14,591.50	3.111

\*The COVID-19 pandemic, and associated lockdowns occurred during these reporting periods and significantly impacted Altecnic's energy consumption and annual turnover.

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The increase in total energy consumption along with a stable headcount and a reduction in the qty of pcs sold in the year has meant that these two intensity ratios have seen the largest increase. Despite best efforts all three intensity ratios have increase in the period, however the energy consumption/emissions per £100,000 turnover has only increased by a marginal amount.

Total annual energy consumption within Scope 1, 2 and 3 was calculated based on recorded consumption data for the financial year 2023 (January 2023 to December 2023). This period complies with the legislation and is deemed as the SECR Year 4 reporting period.

The energy consumption has been collected and aggregated, and been based on verifiable sources, with any missing data estimated.

UK Government approved conversion factors for company reporting have been used (as published by The Department for Environment Food & Rural Affairs (DEFRA) / The Department for Business, Energy and Industrial Strategy (BEIS) GHG conversion factors for company reporting), which were updated in 2023, for any necessary conversions.

Transport analysis has been based on mileage claims, using DEFRA conversion factors for diesel and petrol vehicles, and market segment types.

### ***Future Energy Efficiency Actions***

Altecnic continues to look for ways to reduce its energy consumption and associated greenhouse gas emissions. The company is also continuously looking for ways it can lower its environmental impact and become more energy conscious through energy efficiency actions.

Altecnic are taking the following steps to reduce our environmental impact:

- Installation of solar electricity generation as part of our warehouse operationalisation plans.
- Continuing to source 100% renewable energy from the grid.
- Continuing to promote energy efficient vehicles for necessary travel and video/audio conferencing to reduce unnecessary travel.
- Setting BREEAM rating 'very good' as the minimum rating for all building refurbishment projects.
- Removing reliance on fossil fuels for DHW in building refurbishment projects.

### **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.