

Ricoh UK Products Limited

Strategic Report for the Year Ended 31 March 2021

The directors present their Strategic Report for the year ended 31 March 2021.

Business review

Turnover for the year was £201,912k (2020: £283,890k) resulting in a profit before taxation of £4,824k (2020: £7,899k). The profit after taxation for the year was £3,790k (2020: £6,357k).

The reduction in turnover was in most business areas reflecting the adverse impact of the Covid 19 pandemic, particularly during the first quarter of the financial year when major markets entered 'lockdown'. As these restrictions eased there was a robust recovery in sales volumes. The Company received income amounting to £2,614,862 from the UK Government Coronavirus Job Retention Scheme (note 10). The Company continued to develop new business areas and adapted the delivery of its customer experience services by leveraging its virtual demonstration capabilities. Further capital investment was made in the business but at a lower rate than previous years due to onsite health and safety restrictions. Operating profit and profit before tax were adverse to the prior year due to the lower turnover, and redundancy costs incurred in the year. The balance sheet and cash reserves remain healthy enabling the Company to fund future capital investment and support its defined benefit pension scheme.

Key performance indicators

The Company's principal key performance indicators are revenue and profit before tax which are shown in the Profit and Loss Account for the year set out on page 11. In terms of non-financial key performance indicators, business performance is measured primarily around safety, environment, quality, cost and delivery. Additionally, business performance is reported to the parent company using a set of agreed strategic objectives. The Company continues to develop a strong culture of continuous improvement and employees are actively engaged in achieving high levels of operational efficiency in all their processes.

Principal risks and uncertainties

Covid-19

In response to the Covid-19 pandemic, the board has taken all necessary actions to ensure the safety of its employees and the business' long-term success. Since it was designated as a global pandemic in March 2020 the Company has maintained trading, and despite an initial downturn in activity, demand is now recovering strongly. The board do not envisage there will be a significant loss of customers and the business has a broad product portfolio to adapt to potential structural changes in the marketplace. The board have assessed the impact of the ongoing uncertainty around Covid-19 on all aspects of the business focussing specifically on operational performance and cashflow (see the Directors Report and note 1 for further considerations).

Brexit

The Company had taken reasonable measures to prepare for the end of the UK-EU transitional agreement, and in the period afterwards has suffered only minor business disruption. The directors continue to carefully monitor the impact and collaborate with other Ricoh entities to manage the associated risks. The Company trades predominantly in Euros, and hence the financial results are impacted by the prevailing Euro-Sterling exchange rate.

Streamlined energy and carbon reporting statement

The Company actively engages in the management and reduction of resource consumption and related emissions. Since 2003 CO2 emission reduction activities have formed a key component of the annual business management objectives. The Company has reduced scope 1 and 2 CO2 emissions from 10,000 tonnes in 2002, to 2,724 tonnes in 2020 through a combination of improved energy management and control practices, significant investment in high efficiency plant and machinery, and the continued decarbonisation of the UK electricity generation network. The Company's total energy usage amounted to 12,250,058 kWh (2020: 13,768,891 kWh), with total gross emissions of 2,724 tCO2e (2020: 3,331 tCO2e), and an intensity ratio (total gross carbon emissions per £100,000 revenue) of 1.35 (2020: 1.17). The Company has applied UK government guidelines in calculating these performance metrics.

These activities have been supported by efficient equipment that combine 'dynamic delivery' control systems that include process energy recovery, integrated VSD compressor systems that enable the recovery of waste heat, smart LED lighting, and variable speed control of motor driven systems.

Since October 2019, electricity supplied to the Company's facilities has been generated from REGO certified renewable (100% wind) sources. Ricoh Company Ltd (the ultimate parent undertaking) has committed via the RE100 scheme to sourcing 100% renewable electricity by 2050, with an interim goal of at least 30% by 2030.

Ricoh UK Products Limited

Strategic Report - continued for the Year Ended 31 March 2021

Streamlined energy and carbon reporting statement - continued

In support of the Company's medium and long-term environmental goals, it has installed a 1.6 MegaWatt Solar PV generation systems at its Telford site. The Solar PV system comprises of 1.2MW of ground mounted PV and 0.4MW of car port mounted PV and will generate 17% of the site's annual electricity needs. The zero-carbon electricity generated on-site will reduce the Company's national grid demand, whilst reducing carbon emissions by up to 400 tonnes per annum.

Section 172 of the companies act 2006

Section 172 of the Companies Act 2006 ("s.172") imposes a general duty on directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders. The board aims to generate value for all its business stakeholders, including employees, customers, and shareholders. The board believes that balancing the interest of stakeholders with its corporate purpose and the desire to maintain high standards of ethical conduct is embedded in the way it does business. Long term decisions made by the board and executive teams are always considered in light of both short and long-term consequences.

Employee engagement

The Local Works Council (LWC) continues to be supported by the Company and remains active. The Company engages with employees through the LWC, but also through regular communication including digital signage, company newsletters and an annual employee congress. As a result, employee relationships remain positive, strong and stable.

Business relationships

The board seeks to understand the views and needs of its stakeholders to ensure decisions address their long-term needs and concerns. Where there may be competing priorities, these are discussed by the board and consideration is given to the human, environmental, and commercial impacts alongside the longer-term sustainability of the business. The board considers its key stakeholders to be its employees, customers, suppliers, the local community, its shareholders and all other Ricoh family group members. The Company continues to proactively develop good relationships with all these stakeholders, and the Company remains highly respected in the local community.

Environmental impact

For a long time, the Company has continuously implemented initiatives to reduce its CO2 emissions. Annual and long-term strategic reduction targets are agreed with its parent company shareholder. To further reduce CO2 emissions, the Company has this year made a significant investment in solar energy generation. The Company also operates a zero waste to landfill policy.

High standards of business conduct

Maintaining high standards of business conduct is imperative. The Company is subject to a full range of compliance policies and procedures developed by the group, such as the Code of Conduct Policy, and the Company itself. All these policies are regularly reviewed and updated. Whistleblowing procedures are in place.

Shareholders

As a wholly owned subsidiary the Company is committed to open and regular engagement with its parent company shareholder. In addition to this routine regular communication, formal business review meetings with all group stakeholders are held at least twice per year.

Customers and Suppliers

The Company actively engages with its supply chain and customers through regularly defined meetings to promote mutually beneficial long term relationships. As part of the process, the Company subscribes to prompt and reasonable payment terms.

Future prospects

The core business remains profitable, and several new business lines are being developed. The future prospects of the Company, which although affected by the Covid-19 pandemic, are therefore judged as good.

General Factors

During the year the Company successfully retained its accreditation to management standards ISO27001 (Information Security Management), ISO14001 (Environmental Management), ISO9001 (Quality Management), ISO45001 (Occupational Health and Safety Management), ISO12647 (Colour Management) and gained certification to ISO13485 (Medical Quality Standard) in 2020. The Company continues to have Investors in People accreditation (Gold Award).