

OUR VISION

An independent provider of efficient, high performing and innovative motion control solutions that improve the world.



HYDRAFORCE
POWER FORWARD®

OUR MISSION

To simultaneously create value for all stakeholders by delivering best in class motion control solutions.

HYDRAFORCE HYDRAULICS LIMITED

S172 of the Companies Act Statement for the year ended 31 December 2020

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

The Board of Directors consider that they have acted in a way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the act) in the decisions taken during the year ended 31 December 2020 and in the approval of the business plan for 2021.

The Directors have been mindful of the Companies Act in this respect.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within high standards of business conduct and good governance.

The Directors intention is to behave responsibly towards our stakeholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

When making strategic decisions the Directors have considered the likely consequences of these decisions in the long term.

Employees

Employees are very highly valued at HydraForce, retention is a key focus of the business this is evidenced by the remuneration levels and training support. The Company holds regular meetings with the Employee Communication Group made up of Employees from all levels and functions.

The Company provides an Employee Welfare program, which is provided by Health Assured, this benefit is designed to help Employees and their families deal with personal and professional problems which could be affecting their home or work life, health and general wellbeing. Under this free to use program confidential support is available and, dependent on the nature of the issue, counselling or information services are provided by fully qualified professionals.

The business has introduced a new performance management process to ensure the progression and training of employees is maximised, this complements the succession planning process, which is key to the Company's future success.

The Directors believe it is important to keep the employees informed and this is achieved by quarterly presentations to all employees and quarterly bulletins as well as ad hoc communications sent directly to all employees.

Workshops are available for employees to support later life/retirement planning, these are presented by professionals.

The Company offers a flexible working approach where it can accommodate and this is much appreciated by those employees who use it.

The Company is very proud of its Apprenticeship scheme for which it has won both regional and national awards.

Due to the Coronavirus pandemic the company did not publish its Gender Pay Gap in 2020, in line with the deferral offered by Government. It is planning to provide the reports for the last two years in the near future.

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Foster the Company's business relationships with suppliers, customers and others.

The Company mission is to delight its customers with a unique blend of customised design solutions and superior product performance, by leading the way in manufacturing the highest quality hydraulic cartridge valves, manifolds and electro-hydraulic controls.

HydraForce services its customers all over the world with its global footprint.

The HydraForce Corporation has set a strategic objective to achieve a quality performance level of 100QPPM across all sites, this level of performance is typically only achieved in the high tech Automotive and Aerospace industries, it represents a challenging strategic goal for HydraForce and to be successful we will need to work with all our employees and suppliers to build the expected levels of quality into all our business and manufacturing processes.

We are working at levels of the business to meet our expectations by simplifying designs and manufacturing requirements in addition to challenging manufacturing and suppliers to improve processes and reduce variation.

Driven by a set of business level KPI's, specific steps taken towards this objective include; a communications cascade, monthly management workshops driving six separate improvement workstreams focused on Management strategy, Warranty, Internal Quality, Engineering/Change Management, Supplier Quality and a Workforce driven kaizen style activity. We have established dedicated Supplier Quality and Supplier Development teams, revised audit techniques and we are working with Engineering to involve all areas of the business earlier in the development cycle to allow them to help us design more manufacturable parts.

To foster the Company's business relationship with suppliers the Directors have established a global supply chain structure and utilise tools such as LEAN DNA, it also uses a Supplier Quality Assurance Manual to communicate the Company's quality requirements and expectations to the supplier base.

The Company also holds supplier conferences to keep suppliers informed on key strategy and future requirements. Additional key personnel will be added to the procurement team to support supplier development and relationships, this supports the global matrix supply structure.

The Company is committed to fair payment practices for all our valued suppliers. At 31 December only 15.9% of the Invoices on the Accounts Payable Ledger were overdue. A copy of the latest Business Payment Practices and Performance Report can be found on the GOV.UK website

Consider the impact of the Company's operations on the community

The Directors consider the impact of the Company's operations on the community, the Company fosters relations with the local church and supports initiatives when possible, the Company's nominated charities are the Birmingham Children's hospital and the Women's hospital which are supported through charity drives/initiatives for fund raising and toy donations at Christmas.

Additionally, the Company and its staff made significant donations to a local foodbank during 2020.

The Company employs many people in the area surrounding the factory at the Advanced Manufacturing Hub.

Considered the impact of the Company's operations on the environment

HydraForce are an ISO 14001: 2015 certified organization, we engage with our suppliers and customers on packaging requirement and have a returnable packaging program.

The Company have an energy management and monitoring program, we also operate an environmental waste segregation policy.

HydraForce is compliant on the Energy Savings Opportunity Scheme (ESOS) and has engaged a specialist to assist on the collation of data to enable it to comply with the regulations on Streamlined Energy and Carbon Reporting (SECR).

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How does the Company maintain a reputation for high standards of business conduct.

The Company maintains a reputation for high standards of business conduct through its values which have recently been reviewed and revised to reflect its practices and aspirations. The new values are integrity, innovation, agility, accountability and respect. The Company is in the process of rolling the new values and associated matters out across its workforce.

The Company has a Whistleblowers policy and there is a statement on the modern slavery act and human trafficking on its website.

Understands the need to act fairly between stakeholders of the Company

The Directors understand the need to act fairly between stakeholders of the Company, owner stakeholders receive monthly KPI updates, they also attend the quarterly board meeting and receive minutes of these meetings.

One on the strategic goals of the Company is to create long-term financial security for employees, investors and other business partners.

COVID-19

Without doubt the Global pandemic had an adverse effect on the Company's results for the year, sales in January and February 2020 were on budget, the impact of the pandemic hit sales in mid-March, April sales were 38% below plan, the situation improved as the year went on the gap closed and by the end of December YTD sales were 18% below plan.

The World Health Organisation declared Covid-19 a Global pandemic on 11th March 2020, the pandemic had a negative impact on the customer base globally and the supply chain with factory closures and social distancing restrictions.

The Company was categorised by the UK Government as an essential business because it supports agriculture and the construction infrastructure and so remained open throughout the year, two production days were lost due to infections.

The Board addressed the crisis firmly at a very early stage, establishing a leadership team both locally and globally utilising the comprehensive Business Continuity Plan. The Directors acted 'hands on' in leading the Company response and communicating openly with all stakeholders.

Implementing an appropriate and balanced approach, the aims of the continuity plan was to:

- Protect the physical and mental health of our valued employees and other stakeholders through strict adherence to government guidelines, and mobilising our resources to manage the health risks as the absolute priority
- Protect the financial well-being of our people and their families in order to help them maintain individual daily life, income levels and personal wellbeing.
- Protect the financial stability and sustainability of the business and our stakeholders including our customers by maintaining continuity of the business by making the necessary changes to provide a safe environment for our employees.

The Company invested heavily in making the facility as safe as possible for its valued employees, social distancing initiatives were put in place very early in the pandemic and PPE and hand sanitizer was made available to everyone on site. The site is also deep cleaned by a professional Company every weekend.

The Company has benefited from its market diversification strategy across differing industries, this has mitigated the impact of Covid-19 on sales, the result of which is the Company are not reliant or overexposed to any particular market or customer.

Another mitigating factor is the wide geographical spread of sales HydraForce has across the globe.