

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to:

- the likely consequences of any decisions 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 environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between stakeholders in the Company.

In discharging our section 172 duties we have regard to the factors set out above.

The Company is part of a private family owned Group of companies where the Directors are an important part of its management and decision making. The Directors also delegate authority (within defined parameters) for the day-to-day decision making of the Company to senior management and then engage with them in setting, approving and overseeing execution of the business strategy and related policies.

By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

The main methods used by the Directors to perform their duties include:

- Strategy meetings which assess the long-term sustainable success of the Company and our impact on key stakeholders.
- Risk management procedures including risk register documentation, stakeholder feedback and actions.
- Regular board meetings, management presentations and reports.
- Direct and indirect stakeholder engagement.
- External assurance is received through audits and stakeholder surveys.

Engagement with stakeholders

We are committed to effective engagement with all our stakeholders. The Board is mindful that our success depends on its ability to engage effectively, work together constructively, and to take all stakeholder views into account. The Board engages with stakeholders by various means and addresses matters which concern them. Further detail of how we engage with our key stakeholders is detailed below.

Engagement with employees

The Company recognises the importance of regular communication with its employees on matters of concern to them. We undertake a variety of activities and forums to obtain employee feedback and share relevant information. These include:

- Annual staff appraisals
- Staff questionnaires
- Team/department meetings
- Staff briefings
- Intranet web content

Our briefings and meetings are a two way process for discussion and feedback. These views are fed back to senior management to take into account during the decision making process.

The Company operates various bonus schemes based on financial performance to reward employees for the Company's financial successes.

We put a key focus on investment in our people and their development. Ongoing investment in our apprenticeship programs and our university R&D partnerships being just some examples.

Engagement with customers

Our customers are concerned with the quality of the products, advice and services we deliver. Listening to our customers is vital to our success. We seek customer views via various mediums. These include:

- Regular meetings and dialogue
- Site visits
- CPD presentations
- Trade show attendance
- Market research reports

Engagement with suppliers and finance partners

Our suppliers are key stakeholders in the business, they facilitate the delivery of the products that our customers want. Without the support of our suppliers we would not be able to operate. We seek to ensure we engage with all our suppliers in a partnership manner and follow various principals in our engagement with them. These include:

- Operating tender processes for significant purchases
- Agreeing open and transparent terms of engagement
- Paying to terms on agreed invoices
- Regular meetings and dialogue

We have a strong long term relationship with banking partner with whom we operate on an open basis. We hold regular business update sessions which are supported by the provision of various management reports.

Engagement with shareholders

Communication with our shareholders is extremely important for the Board. A direct and regular dialogue is maintained with our shareholders, via their regular attendance at Board meetings and meetings with the management team, all supported by reports and papers as appropriate.

Decision making

The following are examples of how we have had regard to the matters set out above in discharging our section 172 duties and the effect of that on decisions taken by us. In making the following decisions the Board considered the outcomes from its stakeholder engagement.

- In issuing annual budgeting objectives which required all directors and managers to focus on health and safety investments and staff development.
- In setting annual dividends that comply with banking covenants and leave sufficient capital within the Company to invest and grow.
- The decision towards the use of electric vehicles for both our Company car fleet and fork lift trucks. This will benefit the business in the long term through lower costs but also reduce our carbon footprint.

Energy and carbon report

Reducing our environmental impact where possible is an important part of the Company's strategy and values. The table below illustrates our UK energy use in line with the streamlined Energy and Carbon Reporting (SECR) framework:

| | Year Ended April 2024 | Year Ended April 2023 |
|---|----------------------------------|----------------------------------|
| UK energy use (kWh) | 8,354,239 | 8,880,432 |
| Associated greenhouse gas emissions resulting from the consumption of gas and fuel for the purposes of transport (Scope 1, Tonnes CO2 equivalent) | 836 | 899 |

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|---|-------|-------|
| Associated greenhouse gas emissions resulting from the purchase of electricity (Scope 2, Tonnes CO2 equivalent) | 784 | 783 |
| Intensity Ratio. Emissions per tonnes sold | 0.022 | 0.023 |

The methodology used to calculate these emissions follows ISO14064-1:2018 on Greenhouse Gases.

The Company is engaged in a range of initiatives to improve our sustainability and carbon footprint.

We have introduced electric FLT's into our operations, this has driven down the use of LPG. The company car fleet is currently transitioning from diesel and petrol cars to fully electric hybrid.

In our logistics operations we are also trialling HVO fuels across our HGV fleet to reduce our carbon footprint.