

J.H. FENNER & CO. LIMITED

For the year ended 31 December 2020

Section 172(1) Statement

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172.

The Board always aims to act in the best interests of the Company, and to be fair and balanced in its approach. The needs of different stakeholders are always considered as well as the consequences of any decision in the long-term and the importance of our internally published high standards of business conduct. More specific information is given in subparagraphs (a) to (f), which correspond to the individual factors disclosed under Section 172(1).

a. Long-term decision making

The Board delegates day-to-day management and decision making to its senior management team, but it maintains oversight of the Company's performance, and reserves to itself specific matters for approval. In addition to this, any major decisions with long-term implications, including significant new business initiatives, would need shareholder approval under the Company Articles of Association, to ensure that the business decisions taken locally are in alignment with the long-term strategy of the Group. Any decisions approved either locally or by the Shareholders, are then implemented, with subsequent Board oversight to ensure management act in accordance with the agreed strategy. Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Company's long-term success, including management KPIs, Enterprise Risk Management policy, and a robust suite of internal controls, all underpinned by internal audit.

b. Stakeholders: Employees

Our people are essential to our success, future growth, and our aim to build leading positions in our long-term markets. We continue to invest substantial time and effort to employ, train, develop and retain employees who are passionate about our business and have up-to-date knowledge and world class expertise in our key functional areas. Hearing their views on what we do well, and what we can do better, is an important driver for improvement and retaining our best talent. With this in mind, we hold biennial meetings with all employees spanning the whole of the business, in order to give employees a forum for thoughts, ideas, feedback and suggestions. In addition, we publish a weekly briefing to ensure they are kept informed of business progress and developments, and maintain a fund to finance employee social engagements outside of the workplace, in order to further strengthen cooperation and teamwork across the workforce.

c. Stakeholders: Customers, Suppliers, Others

We aim to be fair and ethical in dealings with all our external stakeholders, including our suppliers, customers and other business partners, in line with our published Code of Conduct and ethical policies. We endeavour to pay suppliers to agreed terms and be a collaborative and responsive partner, and suppliers undergo regular audits from our representatives to ensure we hold those companies we deal with to the highest standards of stewardship. With customers, our goal is to act as partners in order to understand their needs and collaborate effectively in order to provide the products and service they need in order to succeed. Each customer has a sales manager, backed by a dedicated sales administration team in order to facilitate this relationship and ensure the smooth operation day-to-day, whilst we also open ourselves up to customer audits to ensure our own internal processes and policies continue to meet their high standards. The local sales team report to the senior management team with regular KPIs and customer visit reports, and these assist in maintaining and developing our understanding of current customer and market trends, issues and likely future needs, and how these can be addressed.

d. Stakeholders: Community & Environment

Contributing positively to our local and global communities and environments is a responsibility and an opportunity. We undergo numerous audits each year to support our accreditations and ensure we maintain the highest standards of environmental management, and we support various trade bodies, through which we can continue to support our industry and influence policy makers to ensure decisions are taken which address environmental concerns responsibly. In addition, we set aside funds each year to make donations to local worthy causes.

e. Reputation for high standards of business conduct

The Board is responsible for developing the Group corporate culture across the Company, which promotes integrity and transparency. The Group has established comprehensive systems of corporate governance and approved policies and procedures which promote corporate responsibility and ethical behaviour, and these are implemented within the Company. Central to these policies is the Group's Code of Conduct. This applies to all Directors and employees, and is embedded into the Company's operations. All employees have received these policies, and received full training as applicable, to ensure they understand the principles and objectives.

f. Acting fairly as between members of the Company

The Board aims to understand the views of its sole shareholder and always to act in their best interests. In order to do this, the Board works closely with the shareholder on a daily basis to ensure operations, strategy and performance are aligned with the long-term objectives of the shareholder, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.