

UNITED BISCUITS (UK) LIMITED

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;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our shareholders, other group companies, pension scheme members and other relevant stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for large, private companies, we delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Monitoring of this is conducted through regular business review meetings which are attended by a sub-set of the Board of Directors. Board meetings are held periodically, and activities reviewed through the consideration and discussion of information, which is sent in advance of each Board meeting and through presentations to the Board, and the consideration of the impact of the relevant decisions on stakeholders.

During the forthcoming year we plan to formally review financial and operational performance, health and safety, and legal and regulatory compliance at each Board meeting using standard reporting formats. We shall also review other areas over the course of the financial year including the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; and governance, compliance and legal matters.

The Board are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Company was operating in line with good corporate practice, the Chair met with the company's legal advisors to consider the new requirements we received information by email and an update on the scope and application of section 172 from the Company Secretary in May-2019. This focused activity allowed the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future.

Employee engagement

The Company has over 4,000 employees and the Board is committed to promoting a diverse and inclusive workplace, reflective of the communities in which it does business. We approach diversity in the broadest sense, recognising that successful businesses flourish through embracing diversity into their business strategy and developing talent at every level in the organisation.

The Board and Senior Management are responsible for ensuring that the Company's purpose, vision and values are effectively communicated to employees and that the Company's activities reflect the culture we wish to instil in employees and drive appropriate behaviours. Examples of how this is achieved include: formal and informal meetings, a mandatory code of conduct, an annual pulse survey, town hall meetings, dedicated training sessions and our @Workplace social media platform. Employees are actively encouraged to provide feedback and report any concerns with a confidential hotline available to them if required. There is close collaboration between employees and Directors during the Quarterly Business Review sessions and Directors are encouraged, and expected, to visit operations and to engage with the employees during these site visits.

Fostering business relationships

The Company's key stakeholders are its employees, customers, consumers, suppliers, shareholder, pension schemes and the local communities in which it operates. The views of and the impact of the Company's activities on those stakeholders are an important consideration for Directors when making relevant decisions. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of our stakeholders means that generally our stakeholder engagement best takes place at an operational level.

We bring the stakeholder voice into the boardroom through information provided by senior management and by direct engagement with stakeholders themselves, where appropriate. During Quarterly Business Reviews, which are attended by certain Directors, senior management provide feedback on matters including: the priorities of our customers in order to build strategic relationships with them; analysis of consumer feedback to help us establish our consumers views on our products as well as the ways in which they would like us to improve our offering; conferences and/or one-on-one meetings with our suppliers, pension trustees and investor banks and to improve our understanding of their requirements. During 2019 Company management specifically engaged with trade associations in relation to Brexit to ensure they understood the impact on business operations following the exit of the UK from the EU.

The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Corporate Governance

The Board aspires to have high standards of corporate governance.

We have not adopted the revised 2018 UK Corporate Governance Code, which is designed for premium listed companies and, whilst we fully support the introduction of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and employee and stakeholder engagement). We expect to adopt our own corporate governance principles in due course which we believe will be most appropriate for the Company and will be designed to ensure effective decision-making to promote the Company's success for the long term.

Our primary aim is that our governance is:

- effective in providing challenge, advice and support to management;
- provides checks and balances and encourages constructive challenge;
- drives informed, collaborative and accountable decision-making; and
- creates long-term sustainable value for our shareholder, the ultimate shareholders of the pladis group and our wider stakeholders.

In the absence of an express corporate governance code, we continue to comply with relevant law and regulations in relation to governance arrangements and have processes in place to ensure decisions are made at the appropriate level.