

BRICKABILITY ENTERPRISES INVESTMENTS LIMITED

Year ended 31 March 2020

Section 172(1) Statement

In compliance with the Companies Act 2006, the directors are required to act in accordance with a set of general duties. During the year to 31 March 2020, the directors consider that they have, individually and collectively, acted in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term and the company's wider relationships. In doing so, the directors have had regard to the matters contained in section 172(1)(a)-(f) of the Companies Act 2006.

The directors 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 between members of the company.

The directors recognise the importance of building and maintaining relationships with its key stakeholders, and considering the external impact of the company's operations, in order to achieve long term success.

Stakeholder engagement

The directors consider the views and interests of its key stakeholders when making decisions. During the year, the directors used information received to contemplate the potential impact of the company's decisions on those key stakeholders. This information was distributed in a range of formats, including reports and presentations on financial and operational performance, non-financial KPIs and risk. The directors acknowledge that not every decision made will necessarily result in a positive outcome for all stakeholders, with difficult decisions sometimes required based on competing priorities. By considering the company's purpose and values, together with its strategic priorities and having a process in place for decision making, the directors aim to balance those different perspectives.

As an intermediate holding company within the Brickability Group, the company provides services to its subsidiaries and does not have any external customers. The board of directors (the "board") consists of directors from various divisions within the Brickability Group. Stakeholder engagement will often take place at an operational level, with each director reporting to the board their views of the stakeholders relevant to their own trading subsidiaries. In addition, certain stakeholder engagement will be led at group level, particularly when matters are of group wide significance.

The key stakeholders of the individual company are its:

- Shareholders, including those of its immediate and ultimate parent;
- Subsidiaries; and
- Employees.

Further details of these key stakeholders and how the company and directors engage with them are outlined below.

Shareholders

The company is a wholly owned subsidiary and its immediate and ultimate parent is listed on the AIM, with the initial public offering (IPO) taking place during the year. Several members of the board are also members of the Brickability Group plc board or management board and thus company matters are regularly reported to the group's board through frequent meetings and communication. The company engages with its parent company on various matters including the group's strategy, group policies and governance matters.

Stakeholder engagement (continued)

Subsidiaries

The company engages with its subsidiaries through regular meetings, consulting them on a wide range of matters including group funding decisions, group policies, governance, operational matters and the delivery of the group's strategy.

Employees

Employees value job security, the opportunity to develop and being rewarded for their hard work. They also wish to work in an encouraging environment and be kept informed of changes in the business. The company therefore aims to attract, retain and motivate the highest calibre of personnel. The directors engage with employees in a variety of ways, including regular office and team meetings. Appropriate training is also offered to develop and support staff.

Furthermore, directors take into account the views of a wider set of stakeholders, as outlined by the individual directors reporting to the board. This wider list of stakeholders includes group customers and suppliers, industry regulators and the environment and community. Further details of these additional stakeholders are outlined in Brickability Group plc's annual report and financial statements.

Impact on decision making

There has not been any significant change in the company's strategy during the year. The main events that have had an impact on the company's key stakeholders are as follows:

Event	Stakeholders primarily affected	Impact
AIM listing of ultimate parent	Shareholders	<p>The company's ultimate parent completed an initial public offering (IPO) during the year.</p> <p>The ultimate return for shareholders is therefore considered when making company decisions. Six of the company's directors are included on the Group's management board and thus there is regular interaction concerning the Group's strategy.</p> <p>The listing has not resulted in any substantial change to the company's operational activities, given its nature as an investment holding company.</p>

Impact on decision making *(continued)*

Event	Stakeholders primarily affected	Impact
Acquisition of new subsidiaries	Shareholders, employees	<p>The company directly acquired three new subsidiaries in the year. This provided the group with additional scale, geographical diversity, product ranges and enhanced sales opportunities, allowing for additional returns to shareholders over the longer term.</p> <p>Prior to acquisition, the board considered the potential impact on the group's gearing and existing creditors, concluding that creditor interests would not be notably impacted and any impact would be offset by the positive effects of the acquisition.</p> <p>Enhanced employment opportunities are on offer to those employees within the acquired businesses, as a result of becoming part of a wider group. Existing employees were also consulted to enable the appropriate adaption of internal reporting processes to incorporate the new subsidiaries.</p>
Expansion of group finance team	Shareholders, subsidiaries, employees	<p>Following the growth of the group, the directors acknowledged the need to recruit further members into the group finance team.</p> <p>While providing job opportunities for new employees, this has also enhanced the strength and expertise of the team, enabling all relevant reporting requirements and shareholder expectations to be met more efficiently. The additional resource has also provided scope to offer additional support to the teams at subsidiary level.</p>