

# **Marlowe Holdings Limited**

**Year ended 31 December 2023**

## **Statement on Section 172 of the Companies Act 2006**

The Board of Directors, in line with their duties under s172, act in a way they consider in good faith would be most likely to promote the success of the Group for the benefit of its members as a whole and for our other stakeholders. In doing so we have regard to a range of matters when making decisions for the long-term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors. As an investment holding and management company many of the day-to-day operating decisions are delegated to Boards of the relevant operating subsidiaries.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor the impact on our strategic ambition and culture. As part of the decision-making processes of the Company and subsidiary Boards, they and their committees consider the potential impact of our operations on the community and environment. The Boards consider the likely consequences of decisions in the long-term and promote responsible business practices.

Illustrations of how s172 factors have been applied by the Boards can be found in our Corporate Governance Statement (see below), along with details of how we engaged with our key stakeholder groups and considered their views.

## **Corporate Governance Statement**

The Board has considered its governance and has determined to apply the Wates principles. Each year we review our practices against these principles and we will continue to monitor them in the light of future developments in this area.

### **Purpose and Leadership**

Good governance is essential to the successful delivery of our strategy and the way in which our businesses operate on a day-to-day basis. The Board is committed to maintaining the highest standards across the Group for the benefit of all our stakeholders. The Boards of our operating subsidiaries share this commitment.

Our strategy is to provide the highest possible service to customers. We operate in multi-branch businesses with a high level of decentralisation backed up by strong controls and a reward structure that is based on local performance and individual contributions. The ability of our branch managers to determine all aspects of the conduct of their businesses at a local level ensures they are strongly focussed on providing the best service to their customers, supporting our key suppliers to get their products to market and employing, retaining and rewarding a high quality team.

As part of our decentralised business approach, we try to take decisions as close to our customers as possible. However, the Company and subsidiary Boards are strongly aware that they have ultimate responsibility for the actions that are taken. Certain key decisions are reserved to the relevant Board, such as senior appointments, funding of operations, acquisitions and appointment of auditors. Day-to-day operations are managed by the trading subsidiaries with the oversight of their operational management teams comprising the Managing Director and Finance Director, together with senior commercial and regional managers. Minutes of these meetings are provided to all trading subsidiary Directors.

## **Purpose and Leadership (continued)**

In addition to the day-to-day monitoring of operating performance, members of the individual trading subsidiary Boards meet with each branch manager once a year for a formal detailed review of the performance of their business and of their plans for the following year. This is supplemented by a mid-year review of progress to enable adjustments to be made in the light of market developments. Directors of the Company attend these meetings as appropriate.

All members of the Boards, together with the senior management teams, actively promote our decentralised philosophy and seek to coach and help the branch managers and their teams to maximise their rewards by considering the consequences of their decisions in the long-term. Our values of integrity, fairness, teamwork, hard work and personal responsibility support this and ensure we meet the needs of our customers and suppliers. These are supported by a commitment to the recruitment of high calibre staff and ongoing training and development at all levels.

We are committed to complying with all legal requirements and to operating to the highest ethical standards. All staff are made aware of our ethics policy and are expected to adhere to it.

## **Composition of the Board**

Keith Colburn is Chairman. He leads the Board and is responsible for its effectiveness. The executive Directors are Douglas Christie and Bill Woof. Roger Goddard is a non-executive Director. All the Directors have many years' experience with the Group and collectively have an appropriate combination of skills, backgrounds, experience and knowledge. In the event of new appointments to the Board, consideration will be given to the appropriate balance of expertise, diversity and objectivity.

Directors are encouraged to pursue appropriate professional development to assist them with performing their duties. The Chairman reviews the performance of the Board and individual Directors annually in consultation with the shareholders.

## **Directors' Responsibilities**

The Group has clear policies and practices governing its internal affairs. These are set out in Standard Practice Instructions (SPIs) and other internal documents such as the Group Treasury Policy. The Directors are fully aware of their responsibilities as set out in our Section 172 statement.

All Directors receive copies of the monthly management accounts of each trading subsidiary including individual branch performances.

If conflicts of interest arose, these would be discussed with the Chairman and appropriate processes would be put in place to manage them.

## **Opportunity and Risk**

The long-term success of the businesses depends on constantly striving to improve our performance through the review processes set out above and on maintaining the decentralised model and related reward structure. Where opportunities for opening new business locations arise, these are approved through a capital expenditure approval process. Acquisitions are made after a thorough due diligence process by an experienced team, supported by outside advisers as appropriate and with Board approval.

The Board monitors risks facing the business and identifies any that are emerging. It works with the operational management team to ensure that risks are appropriately managed and that there are clear responsibilities for this.

There is an active programme of internal audit in each business which monitors compliance with our SPIs. The safety of our workforce and of visitors to our premises is of paramount importance. We have a programme of Health and Safety training and monitoring and constantly evaluate our procedures as a result. The SPIs also set out the requirements in relation to trading in an ethical manner and employee conduct to ensure business performance is underpinned by high standards and is achieved in a sustainable manner.

## **Remuneration**

The remuneration of the Chairman is determined by the shareholders. Other Directors' remuneration is set by the Chairman in consultation with the shareholders. Remuneration comprises basic salary, which is set in the context of industry norms, pension contributions or equivalent additional salary, company car or salary alternative, medical cover and an annual bonus. The annual bonus is discretionary and is allocated out of the total generated by the individual businesses' reward calculations. This ensures total alignment between the success of individual businesses and the shareholders' interest in overall performance. There are no other elements of remuneration.

## **Stakeholder relationships and engagement**

The principal stakeholders in the business are the shareholders, employees, customers and suppliers. Other stakeholders include pension scheme members, regulators, the Government and the communities in which we operate.

Members of the Board liaise regularly with our shareholders who receive monthly management accounts. The shareholders also regularly attend our annual review meetings with branch managers. Major business decisions are taken having regard to our shareholders' views. In 2023, the acquisitions of Innotech Digital & Display Limited and Nylaplas Engineering Limited were examples of such major business decisions.

As highly decentralised businesses with many branches we operate a cascade system of staff briefing through regional managers and branch managers to keep employees informed of matters that are of importance to them, including the financial performance of their business. These briefings are two way, with concerns passed upwards as necessary. There are clearly stated whistleblower policies in place, supported by dedicated confidential hotlines.

Our customers are key to the success of our business and our management and staff are encouraged to engage regularly with them. This ensures we are meeting our customers' needs and that they know the level of service we aim to provide. Key account managers and regional managers are responsible for the relationship with major customers. During the year meetings were held with major customers to discuss their ongoing service requirements. Key decisions made by the businesses during the year included setting pricing and credit levels appropriate to current market conditions. In addition, we play a major role in support of the various trade bodies for our businesses, and we attend their major functions.

We support our suppliers through our commercial programmes. We encourage suppliers to provide training in their products to our staff so that they can ensure customers are aware of suitable products. We have regular meetings with our key suppliers and during the year we host events to improve engagement with our key suppliers' senior management. Key decisions made by the businesses include supplier selection within our main product categories. Whilst overall terms are agreed by our commercial teams, branch managers are encouraged to work with suppliers at a local level to obtain specific terms to support customer projects. We have a strict policy of ensuring that suppliers are paid promptly and to agreed terms.

Our pensions departments have active programmes of communication with scheme members to keep them informed on relevant matters and to help them as they develop their retirement plans.

We have policies to ensure compliance with laws and regulations and we communicate these requirements within the organisation as appropriate. We conduct our tax affairs in a way that ensures compliance with applicable laws and regulations and we maintain an open dialogue with the tax authorities. All taxes are paid as they fall due and we have support from our external advisers to help ensure we meet our obligations.

Our branches operate across the UK and Europe and we encourage our staff to play a full part in their local communities. We support a number of industry charities on many levels. In addition, we make significant charitable donations in support of the arts, health and education.

**Stakeholder relationships and engagement (continued)**

We are aware of our responsibilities to the environment. We have taken a leading role in the promotion and supply of green energy materials, including, for example, solar panel systems and LED lighting. We have also deployed these within our own buildings. We supply electric vehicle charging systems and have encouraged the use of hybrid vehicles within our fleet. As far as practicable, we endeavour to reuse supplier packaging for our own customer deliveries to minimise waste.