

Liz Earle Beauty Co. Limited – Section 172 of the Companies Act

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 long term success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers and others;
- d. the impact of the company's operations on the community and the environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

As a part of their induction, the Directors of the Company are briefed on their duties including those under section 172(1) and they can access professional advice on these either from the Company Secretary or, if they judge necessary, from independent advisors for effective discharge of their duties.

When making any decisions, during the year ended 31 August 2020, the Directors considered, both individually and together, the matters set out in section 172(1)(a-f) and have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, as a whole. Below are some of the ways in which the Directors have engaged with various stakeholders and fulfilled their duty under this section.

Employees: The Directors pursue a policy to promote diversity and inclusion among employees. The Company either directly or through its affiliate companies, has various formal and informal processes to actively engage with its employees. These may include employee performance reviews/ appraisals, communications through email, intranet, bulletin boards and town hall meetings. The Directors use these processes and engagements to understand employees' views and take these into account while making decisions.

Customers: The Directors strongly believe in treating customers fairly and providing them with safe and quality products. The Company and its affiliate companies have adopted multiple ways to engage with customers, these may include face-to-face interactions, social media interaction and surveys. The Directors use these processes to understand the views of the customers and consider the impact of their decision on customers' interest.

Suppliers: The Directors aim to ensure that the Company operates fairly, transparently and with integrity with its suppliers. The Company engages with its suppliers through multiple channels, both formally and informally. These engagements provide the Directors with a broad and diverse understanding of supplier priorities and allows them to take into account the interest of suppliers while making decisions.

Communities: The Directors value an open dialogue with the communities' in which the Company operates. This allows the Directors to understand how these communities view the Company and the emerging needs of these communities. It also enables the Directors to take into account the impact of their decisions on these communities. The Company directly engages with the wider community through multiple means which could include social media, charity events, and engagement with various associations, among others.

Outbreak of COVID-19 has had an adverse impact not only on the Company but also on various stakeholders associated with the Company. The Directors have engaged with multiple stakeholders, both formally and informally, using processes and methods discussed above to take into account their

views and interests, while making decisions that would promote the long-term success of the Company for all its members. Some of these decisions included

- a. Putting contingency plans in place to maintain continuity of operations and ensure provision of service to customers.
- b. Introducing measures to keep all employees healthy and safe. Transitioning office based colleagues to a remote work environment and installing protective equipment at workplaces.
- c. Ensuring adequate funding for the Company to support continuity of business through these adverse conditions.