

BMI Group Holdings UK Limited

Section 172 statement

For the year ended 31 December 2021

Directors' duties

Section 172 (1) of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In so doing, section 172 requires a Director to 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 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

Governance framework

The Company is a wholly owned subsidiary of Standard Industries. The BMI Group is Standard Industries' primary operating entity outside of the United States of America.

Standard Industries, as the shareholder of the BMI Group, sets the strategic direction of the BMI Group and approves all key strategic decisions such as investments and acquisitions. The Executive Leadership Team of the BMI Group executes the strategy with due consideration of consequences and risks in the short, medium and long terms, and manages the BMI Group's day to day operations.

Typically, in companies such as the BMI Group, the Executive Leadership Team fulfils their stewardship duties for all group companies partly through a governance framework that delegates day-to-day decision making to employees of the Company.

The Executive Leadership Team recognises that such delegation needs to be much more than simple financial authorities and, in this section of the report, we have summarised our governance structure, which covers: the values and behaviours expected of our employees; the standards they must adhere to; how we engage with stakeholders; and how the Executive Leadership Team looks to ensure that we have a robust system of control and assurance processes.

Engagement with Employees

Our employees, their expertise, experience and specific know-how are critical to our success. The BMI Group is committed to creating a collaborative workplace and enhancing its communication channels with colleagues. During the year, the BMI Group continued its policy of providing employees with information on matters of concern to them, including through an intranet to effectively share information across the BMI Group and to encourage dialogue across business units and countries. Executive Leadership Team members hold regular webcasts and "town hall" meetings to communicate with our employees around the world. We conduct an employee engagement survey to monitor employee attitudes and identify areas for improvement, and in addition hold culture interviews on a yearly basis. We also continue to work together with our recognised trade unions and employee representative bodies to share information relevant to the groups that they represent. We operate a variety of long-term incentive plans and bonus plans to encourage employees to become fully engaged in and supportive of the financial performance of our business.

Culture, values and standards

The Executive Leadership Team has set the values and standards required of all employees which is published in our code of conduct. The BMI Group has an anti-bribery and corruption policy. It describes the risks associated with bribery and corruption, sets out the minimum controls that must be established and provides guidance on identifying, preventing and reporting bribery and corruption. The policy is supported by a whistleblowing process and, where necessary, proportionate and independent investigation and follow up of any matters reported.

Community and environment

The BMI Group's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

The BMI Group is subject to stringent environmental and health and safety laws, regulations and standards. We have a BMI Group wide policy that sets out our environmental control objectives, covering sustainability, resilience and the physical impacts of climate change.

Business relationships

The BMI Group sources a wide range of goods and services including raw materials principally related to the manufacture and supply of roof tiles, membranes, liquid applied waterproofing, and roofing accessories.

Our Code of Conduct sets out the guiding principles for our own conduct and binding guidelines for our conduct in dealing with business partners, including suppliers. The Code of Conduct requires that we adhere to applicable laws and regulations. Compliance with laws is a key principle for the BMI Group, and provides the basis for our various company guidelines. In addition, we continue to review and refine governance and reporting within our procurement organisation.

Risk management

The Executive Leadership Team undertakes an in-depth review of the BMI Group budget for the following year, which is reviewed in collaboration with the BMI Group's shareholder, Standard Industries. Performance against the budget is monitored and reviewed and appropriate steps are taken or measures put in place.

The BMI Group Chief Executive is responsible for delivering the plans and strategy agreed with Standard Industries, with authority delegated to Executive Leadership Team members but subject to all decisions being made on the basis of the values and standards mandated.