

Charles Kendall Group Section 172 (1) Statement

Introduction

Charles Kendall Group's (CKG) Section 172 (1) Statement has been published in accordance with The Companies (Miscellaneous Reporting) Regulations 2018 as set out in Section 172 (1) (A) to (F) of the Companies Act 2006.

Section 172 (1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they consider the interests of key stakeholders and the broader matters set out in Section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of their company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how the Directors of Charles Kendall Group (the 'Group'):

- have engaged with employees, suppliers, customers and others; and
- have had regard to employees' interests, the need to foster the Group's business relationships with suppliers, customers and others, and to the effects of the principal decisions taken by the Group during the financial year.

This S172 statement focuses on matters of importance to the Group.

General confirmation of Directors' duties

The Group is a private family owned and managed group of companies where the Directors are an integral part of its day to day management. The extent to which Directors' duties exist will be consistent with the size and the complexity of the business. Several companies in the Group are managed solely by the Directors of Charles Kendall Group Limited. A second tier of companies are managed with the addition of a director level individual who brings specific experience, and knowledge to that company and the final tier are significant businesses to the Group that have their own Board level management teams. These businesses are run by their respective directors with Group Director level oversight at regular intervals.

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Group's success for the benefit of its members, and in doing so have regard to:

- **S172(1) (A) "The likely consequences of any decision in the long term"**
The Directors' strategy is to build quality businesses, both organically and through acquisition, based on expanding into new businesses and markets that are allied to the Group's existing core businesses; and whilst doing this maintain and strengthen the Group's balance sheet, especially by retaining cash reserve so as to support business flexibility. The consequence of this strategy influences the Directors' approach to business, dividend policy and its dealings with suppliers and customers. In building for the future, the Directors regard it important that long-term relationships are maintained and developed.
- **S172(1) (B) "The interests of the company's employees"**
The Directors are committed to treating their employees fairly and respectfully as the Group is only as good as the quality of the employees that it retains and develops. The Directors ensure that the Group is an equal opportunities employer and is fair to its employees in pay and benefits, health and safety at work and in the training and personal development offered. As important is developing a culture within the business so that our employees demonstrate the values, attitudes and culture of the Group when dealing with stakeholder relationships. Such culture is led by the Directors in their dealings with employees.
- **S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"**
Delivering the Group's quality policy requires strong mutually beneficial relationships with suppliers, customers, and governmental organisations. The Directors believe in lasting partnerships, founded on a shared commitment to quality, value and service. The Directors have embraced ISO 9001:2015 as a framework to ensure that the Group offers a consistent quality of service to its customers and suppliers. Certain directors within the Group are also active members of trade bodies where they can share their

experiences and gain the experiences of others, incorporating lessons learned into the Group's business practices. Regulatory compliance is very important, as is the maintenance of the Group's AEO status.

- **S172(1) (D) “The impact of the company’s operations on the community and the environment”**
The Directors recognise the role that the Group must play in society and is deeply committed to public collaboration and stakeholder engagement. The Directors believe strongly that the Group will only succeed by working with customers, governments, suppliers, and other stakeholders particularly, for example, when facing issues as complex and challenging as climate change. The Directors have recently developed a sustainability policy for the Group to assist in decision making and the impact on the environment.
- **S172(1) (E) “The desirability of the company maintaining a reputation for high standards of business conduct”**
The Directors seek to enhance the reputation of the Group for competency, reliability, quality and honesty in all its dealings with stakeholders. The Directors have issued a quality policy statement to all employees setting out the guiding principles of conduct expected of members of the Group in order to achieve a reputation for good service and customer satisfaction. The Directors have communicated their ethical standards and zero-tolerance approach to modern slavery, fraud, corruption and bribery to all employees, and to all suppliers and partners at the outset of business relationships. The Directors do investigate any suspicious activities or irregularities in its supply chain.
- **S172(1) (F) “The need to act fairly as between members of the company”**
After weighing-up all relevant factors, the Directors consider which course of action best enables delivery of the Group's strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors seek to act fairly between the Group's businesses but are not required to balance the Group's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Principal decisions made in the year

The Directors applied the above duties when making the following principal decisions taken during the year:

- in the disposal of Charles Kendall Australia Pty Limited which had been loss making for some time and was no longer aligned with the Group's development strategy;
- in establishing Lower 48 Energy Limited as a new business venture and focusing its business offering of renewable and green energy solutions for businesses;
- in restructuring the management of Charles Kendall Freight Limited with the appointment of a long-serving employee as the new Managing Director of the company, who is now focused with his team on developing that company in new business sectors;
- in overseeing the annual Group budget and encouraging all directors and managers to focus on new business and staff development; and
- in setting annual dividends to shareholders that are modest and allow the retention of capital within the Group so as to allow sound future development.

Approved by the Board of Directors on 22 May 2020



MM Kendall
Chairman