

Section 172(1) Statement

The Board of Directors, in line with their duties under section 172(1) statement of the Companies Act 2006, act in a way they consider, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they take into account a range of matters when making decisions for the long-term.

The matters set out in section 172(1) (a) to (f) are:

- a.) The likely consequences of any decision in the long-term;
- b.) The interest of the Group's employees;
- c.) The need to foster the Group's business relationships with clients, end customer, suppliers and regulators;
- d.) The impact of the Group's operations on the community and environment;
- e.) The desirability of the Group maintaining a reputation for high standards of business conduct
- f.) The need to act fairly between members of the Group.

Stakeholder Management

The directors have considered in detail the company's business model in order to identify the company's key stakeholders within a stakeholder register which includes the following:

- Employees
- Customers
- Suppliers
- Lenders
- Shareholders

The Board is committed to effective engagement with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of its engagement with stakeholders the board seeks to understand the relative interest and priorities of each relevant stakeholder group and to have regard to these, as appropriate, in decision making. The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all stakeholder groups, however it considers this as part of the wider consideration of all the relevant stakeholder groups to allow competent decision making.

Every month, the board undertakes a review where they assess the financial and strategic performance of the Company and its subsidiaries for the previous month, as well as discuss the impact of significant decisions taken in the business during the period. This is presented to the

board. The aim is to identify factors which could lead to any positive or negative impact, financial or non-financial, on the status of the company's stakeholders.

The Board regularly shares reports on issues concerning the company stakeholders which take into account its decision-making process under s127. In addition, the board seeks to understand the interests and views of the company's stakeholders by engaging with them directly as appropriate.

Some of the ways in which the Board directly engages with stakeholders over the period are shown below:

Stakeholder: Employee

Why we engage: To create a caring and rewarding environment in which employees can grow and align their professional development with the success of the Company.

How we engage:

- Reward and recognition schemes
- Induction programme
- Regular communication
- Learning and training resources
- Monitor employee welfare

What matters to the Group:

- Stable and engaged workforce
- Empowerment of employees
- Alignment to the Company strategy

Stakeholder: Customers

Why we engage: To engender customer loyalty and lifetime value by delivering unrivalled product curation and customer service tailored to each and every customer.

How we engage:

- Product curation featuring the most in demand brands with icons of the future and all the latest beauty trends
- Well-informed, unbiased beauty advice and customer service to help the customer understand their needs and shop at their convenience
- A market leading customer loyalty programme that aims to foster a sense of fun, familiarity and friendliness and that welcomes every beauty lover.

What matters to the Group:

- Customer satisfaction
- Customer retention
- Lifetime value
- Community and wellbeing

Stakeholder: Suppliers

Why we engage: To achieve a sustainable partnership built on honesty, trust and respect. To maintain security of the supply chain and to offer customers the best range of product.

How we engage:

- Maintain strong supplier relationships
- Regular feedback and review meetings

What matters to the Group:

- Offering the right environment to bring customer and brands together.

Stakeholder: Lenders

Why we engage: The growth of the business being funded part of debt finance

How we engage:

- Regular reporting performance and debt monitoring
- Regular review meetings

What matters to the Group:

- Securing of debt funding to meet the needs of the business and a mutual relationship that facilitates the growth of the business

Stakeholder: Shareholders

Why we engage: The value creation for shareholders is a key driver.

How we engage:

- Regular Board meetings and shareholder representative touchpoints
- Providing of regular financial reports

What matters to the Group: Support of and goal alignment with shareholders.

Decision Making

We set out below examples of how the directors of the company have had regard to the matters set out in section 172 (a) – (f) including consideration of the company's stakeholders and employees, when discharging their duties under section 172 and the effect on certain decisions taken by them.

1. In response to the Covid-19 Pandemic the Directors took proactive steps to consult with store and distribution centre staff to ensure appropriate well-being measures were in place and with suppliers to ensure continuity of supply.
2. In order to maximise profit protection and shareholder interests, the Directors made appropriate application and use of the Government support during the Covid-19 pandemic.

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3. The high-profile launch of the Charlotte Tilbury brand at Space NK was a joint collaboration between the brand and the in-house teams ensuring maximum customer awareness and impact.