

BMI Group Holdings UK Limited

Section 172 statement

For the year ended 31 December 2019

Directors' duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. The following paragraphs summarise how the Directors fulfil their duties under this Act:

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, and its representatives are the Directors of the Company. The Executive Committee 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 large companies such as the BMI group, the Executive Committee 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 Committee recognises that such delegation needs to be much more than simple financial authorities and, in this section of the report, we have summarized 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 Committee 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 Committee 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 Committee 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 has empowered colleagues to donate supplies and resources to local causes, such as hospitals during the COVID-19 pandemic.

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.

Throughout 2019, we increase the number of key supplier relationships managed by our central procurement organisation, which continues to improve consistency in risk management. In addition, we continue to review and refine governance and reporting within our procurement organisation.

Risk management

The Executive Committee 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 Committee members but subject to all decisions being made on the basis of the values and standards mandated.

Principal decisions

The principal strategic decisions made by the Company, and the basis for their consideration by the BMI group Executive Committee were:

Group reorganisation

During December 2019, as part of a project to simplify the BMI group's legal entity structure, the Company acquired a number of investments in subsidiary undertakings from Group undertakings at a combined acquisition value of £481,772,000, as set out in Note 12, and resulted in an increase in long term borrowings due to Group undertakings of £109,652,000

On 31 December 2019, as part of a group wide project to simplify BMI group's corporate structure and reduce the number of legal entities in the BMI group, the Company acquired the trade and net assets, except for the lease assets and liabilities of its wholly owned subsidiary, BMI Group Management UK Limited. Subsequently on 1 January 2020, the employees of BMI Group Management UK Limited transferred to the Company under their existing terms and conditions.

Office relocation

During the year, employees were consulted on proposals to relocate from the Company's London office to an office in Reading. The proposal sought to co-locate our teams to enable collaborative working and to provide modern, vibrant office space. The Executive Committee engaged with representatives of employees to develop the proposals and minimize the impact of a move on employees.