

## S172 Statement – Logisnext UK Limited FY19

The Directors have prepared and provide this section 172 statement in accordance with the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). The statement outlines the ways in which the Directors have taken into consideration the matters set out in section 172 whilst undertaking their duties and making decisions on behalf of, and in the interest of the Company. The statement focuses on principal decisions made within the financial year (01 April 2019 – 31 March 2020), and the considerations made within the decision-making process in terms of the needs of different stakeholder groups, as well as the long-term consequences of decision and their contribution to promoting the ongoing success of the Company.

### Principal Decision 1- Restructure of UK Senior Management Team (SMT)

The Board delegates responsibility for day-to-day management to the senior management team. Within the financial year (01 April 2019 – 31 March 2020), the current Managing Director/Finance Director Mark Gibb announced his retirement. The directors took into account the benefit of appointing two existing employees into these key roles to ensure a smooth transition, retaining company values, ethics and workplace culture.

The appointment of Chris Bates to Managing Director introduces a more operational perspective with a clear mandate to the increase number of units in operation under full maintenance agreements and to ensure subsidiary headcount supports operational demands and meets the performance expectations of the customer base. The appointment of Kathryn Holden to Finance Director, from her previous role as Finance Manager, as an established member of the team ensures the continuation of subsidiary culture, internal and external reporting, and relationship management with external stakeholders including external auditors and tax advisors. Communication of the restructure to all internal and external stakeholders was well received and no disruption to the business was noted.

The senior management team continues to meet weekly to discuss operational issues and monthly with a strategic focus. Monthly management team meetings also take place with departmental managers within the business. All locally made decisions are made in accordance with the Company's Articles of Association and are communicated with The Board and the parent company's senior management team for review and oversight, and to ensure locally made decision are made in line with the group strategic direction. Monthly and quarterly meetings take place between the local senior management team and the group senior management team to support long-term decision making within the group. These are supported by the regular provision of local financial results, KPIs and forecasting data.

### Principal Decision 2 -Increased financial audit frequency

Within the last finance year, the Board has made the decision to increase external financial audits from annual year-end audits, to include quarterly audit reviews.

Locally, the benefit of this action is to protect the organisation from accounting error whilst providing assurance to the newly appointed Senior Management Team. On a group level the

quarterly audits introduced are in line with the larger Mitsubishi Heavy Industry group and provide increased transparency and reliability that the financial accounts provide a true and fair reflection of the subsidiary company's position.

While this decision involves an increased work load on the finance team it is recognised that, in the long term, preparation for quarterly audits will fit into established work routines and that the additional assurance provided will provide longer term benefit both to the business operations and to the confidence of external stakeholders and the wider community.

### Principal Decision 3- Workplace reorganisation considering Covid-19.

The Company considers the health and safety of our employees to be a business priority. The company maintains a positive workplace environment, conducive to long-term employee retention and development, along with a high level of technical expertise within the industry. Managers are encouraged to foster strong, open relationships with their teams, allowing for a positive flow of communications in both directions. Employees are requested to take part in regular employee surveys to assist the group in gathering both positive and negative feedback from employees regarding their working environment and culture, and also identify areas for improvement and development.

On learning of the arrival of Covid-19 into the UK, and the potential risk of infection and health implications to our employees, the senior management team agreed the following steps in order to protect the welfare of all staff.

Our business and staff were given "Key worker" status as defined by Home Office guidelines and as such we were able to continue to support truck maintenance in the field. The senior management team took the decision to convert all employees to home working where possible in order to reduce the risk of cross contamination in the workplace. Close working with our Group IT function allowed a quick transition to remote working, whilst maintaining and strengthening the high level of IT security already in place. Risk assessments and guidance for field engineers were circulated digitally and by post, and appropriate PPE was quickly sourced and distributed. The consequence to date is that very few of our employees have contracted the virus and we have had no cases of cross contamination between co-workers. The Covid-19 guidance provided continue to be regularly reviewed and updated in line with Government guidance.

We have also worked closely with external stakeholders, including customers and suppliers, to ensure strict safety provisions are in place for external visitors to the office site, along with ensuring our employees have awareness and adhere to any restrictions introduced by our business partners.

### External Stakeholders

The Company places a high degree of emphasis on the importance of developing and fostering positive relationships with our external stakeholders, including customers and suppliers. A substantial proportion of our supply chain is within the Mitsubishi Logisnext Europe group, where we work closely with our group colleagues to develop effective processes to ensure good communication of product requirements and lead times to meet the requirements of our customers. We implement, and consistently review internal processes for improvement, to ensure supplier

invoicing is reviewed and authorised efficiently and payments are made within agreed external supplier terms.

Our products are bespoke and made to order for each customer. Our sales teams work closely with their customers, developing close working relationships and a deep understanding of our customers' business operations and requirements. This ensures that the correct materials handling products are identified, and specifications meet both the current and long-term needs of the customer. We aim to work in as flexible a manner as possible with customers, to ensure that the equipment and service we provide can adapt in line with the long-term development of their business needs.

### Ethics & Compliance

As part of the larger Mitsubishi Heavy Industry group, the Board place great importance on the culture and ethical behaviour sponsored by the group, our ultimate parent company and their ultimate shareholders. Throughout an ongoing process of integration within the Mitsubishi Logisnext Europe group we have supported the integration of group policies, such as the Code of Conduct, and ensured that local policies and the employee handbook are regularly reviewed and updated to align with these. Training is provided to all employees around these topics, to ensure awareness and understanding of these topics, as well as knowledge of where to access further information. Corporate governance and internal control systems are regularly reviewed and developed, with this process underpinned by the group Internal Audit function.