

## Section 172 Companies Act Statement

Stonegate's Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have given regard, amongst other matters, to the following considerations in the decisions taken during the financial period ended 27 September 2020:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, guests and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Board has a duty under Section 172 Companies Act 2006 to promote the success of the Company and, in doing so, must take account of the effect on other stakeholders of how it manages the business of the Company, whether these stakeholders are from within the Company, in its group or outside the Company and its group. Throughout the year the Board has kept in mind these responsibilities as it has supervised and monitored the business activities and prospects of the Company and as it has considered, and where appropriate, made decisions relating to strategic aspects of the Company's affairs.

In carrying out these functions, the Board had regard to those stakeholders which it had identified as being of significant importance, as listed below:

- The Company's ultimate shareholder, who benefit from the success of the Company and therefore all business decisions are made by the Board so as to ultimately enhance the medium to long term value of the Company and Group;
- Group employees, who rely on the Group for regular income and job security;
- Customers, who come to the Group's pubs to enjoy drink and food in a safe and enjoyable atmosphere;
- Publicans, who expect to be treated fairly and consistently in their business dealings with us so that they can run successful businesses;
- Suppliers, who we look to form long-term working relationships with in order to harness price benefits for us and demand for product/service for them; and
- Landlords, who rely on Stonegate for a stable and regular income for their properties.

In making their decisions, the Directors consider each stakeholder group and the impact that the outcome of any decisions may have on them to ensure they are in the best interests of the Company now and in the longer term.

The most significant matters considered by the Board in the current year related to the acquisition and integration of the Ei Group and the impact of the COVID-19 pandemic on the Group's business. These are considered in more detail below.

### Ei Group acquisition and integration

Leading up to the acquisition of Ei Group during the year, the Board had already started a programme to identify and realise synergy benefits both from purchasing contracts that could be negotiated across the wider Group and integration of processes and teams to avoid duplication. At acquisition, this created uncertainty for employees and suppliers, but remained in the long-term interest of the business.

Impacted by the pandemic and the additional uncertainty, the Board decided to delay pushing forward the integration until the pubs reopened during the summer with the people integration completing subsequent to the year end and the supplier integration being ongoing. Throughout, the Board was mindful of the impact on affected employees and sought to communicate as early as possible at each stage, thereby upholding high standards of conduct and fairness.

**Section 172 Companies Act Statement** *(continued)*

Covid-19

The Covid-19 pandemic has impacted all decision making, but throughout this period of uncertainty, the Board remain committed to making decisions that safeguard our people and ensure the business remains financially viable. Throughout the closure period, the Board were required to preserve cash which meant making decisions about the timing of various payments but ensuring that working relationships with our valued suppliers and landlords were maintained, supporting publicans, accessing government support, furloughing employees and amending banking and debt arrangements. The Board is confident that each decision was made in the best interests of the long-term success of the Group whilst also weighing up and considering the interests of the identified stakeholder groups.

Additional information regarding the Group's engagement with stakeholders can be found throughout the Strategic Report section of the Annual Report and Accounts.