

**WILKO LIMITED
DIRECTORS' REPORT
30 JANUARY 2021**

Corporate governance report

The Company is an operating subsidiary of Wilkinson Hardware Stores, Limited (WHSL) which is the parent company of the wilko group of businesses ("the Group"). No corporate governance code has been applied in the financial year for the reason that the Group already has a formal documented governance framework which applies to the Company.

The Group has a clearly defined purpose: to free up hard-working families to be the best they can be and our goal is to grow by sorting the needs of wilko families at home. Our values of be better every day, pull together, respect each other, show we care and make it fun enable us to achieve our purpose and deliver our goal.

Our corporate governance framework sets out the role, responsibilities and extent of authority of each of the operating companies and steering groups identified below. Each board and steering group has written terms of reference which are reviewed and updated at least annually. Each board has a schedule of matters reserved for its decision and there is a scheme of delegation in place. There are also a limited number of clearly identified matters which require the prior approval of Amalgamated Holdings Wilkinson Limited (the majority shareholder of WHSL) or of a Family Director of WHSL.

The board of WHSL as the holding company for the Group is responsible for setting the strategic aims and objectives for the Group, monitoring and reporting to its shareholders on performance against strategy, approving policies, monitoring risk and corporate governance, and oversight of the performance of the subsidiary companies. It also provides business support services to the Company and its other subsidiaries. There is a formal cycle for the development of annual business plans and of the medium and long-term strategy for the Group as a whole and for each of WHSL's operating subsidiaries. The Company is accountable for delivering its own strategic and business objectives for the benefit of the wilko group.

The Board meets formally every period during the year. Meetings have a formal agenda and papers are issued in advance. The Board is supported by the company secretariat team.

The Board of the Company is supported by the assistance of the following four committees/steering groups of the WHSL board, covering activity relevant for the whole Group:

- Audit and Risk Committee (ARC) meeting at least 4 times a year, assists the Board in fulfilling its oversight responsibilities for statutory financial reporting and the external audit process, and the system of risk management and internal control within the Company and across the Group. It also provides assurance to the Board in reviewing the adequacy of the arrangements across the Group for the management of risk and the risk framework. ARC is chaired by CN Martin, independent non-executive director of WHSL and is managed by our Head of Risk.
- People, Pay and Reward (PPR) meeting at least 4 times a year, focuses on organisation design and people operating model matters, including considering and setting on behalf of the Board the appointment and remuneration of the executive directors and senior managers. No director is involved in deciding his/her own pay. As at the year end, PPR was chaired by TDD Philips, independent non-executive director

of WHSL, and managed by our HR Director. Prior to 15 April 2020, PPR was chaired by LJ Wilkinson, Family Director of WHSL.

- Shape our Future 2030 meeting fortnightly, defines and implements our strategic change plan, ensuring that target business outcomes are achieved and through the optimal allocation of resource. During the year it was chaired by the WHSL's Chief Executive Officer, J Saint-Marc.
- Brand Steering meeting at least once per period, acts as the custodian of all the brands in the Group, including the corporate and product brand. It is chaired by a Family Director and is managed by our Brand Manager.

One or more members of, or persons nominated by, the Wilkinson family may sit as a Family Director on the board of any company in the Group. All directors are responsible collectively for the success of the Company.

At the year end, the Board comprised nine directors, being an independent non-executive chair (TDD Philips), and eight executive directors (J Saint-Marc, Managing Director, KD Mackay, Finance Director, AE Hands, Trading Director, M Hale, Logistics Director, A Knowles, IT Director, CRP Ward, Retail Director, NA Feakins, Marketing Director and K Price, HR Director).

The Board submits reports every period to its holding company WHSL. TDD Philips, J Saint-Marc and KD Mackay are also directors of WHSL.

Signed on behalf of the Board

KD Mackay
Finance Director
28th April 2021