

WALKER'S SHORTBREAD LTD

FOR THE YEAR ENDED 31 DECEMBER 2022

S172 (1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 introduced a requirement for large companies to publish a statement describing how the directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006.

Section 172 (1) (a) to (f) requires each director to act in the way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole, with regard to the following matters:

(a) The likely consequences of any decision in the long-term

At the core of the company's Mission and Vision Statement is the aim of being a 'consistently profitable business that continuously invests in its people, brands, assets, processes and systems to ensure the continuity and security of the Walker's brand and company in family ownership for generations to come'.

All decisions taken by the Board are done so with this overarching objective in mind.

(b) The interests of the company's employees

The Board considers our people to be our greatest asset and the interests of our employees are always taken into consideration in the decisions that are made.

The company publishes a quarterly newsletter, copies of which are made available to all employees.

We also conduct employee opinion surveys and continue to improve all aspects of our formal and informal workplace communication.

(c) The need to foster the company's business relationships with suppliers, customers and others

We have a procurement team who work closely with our suppliers and, where possible, we enter into long-term supply arrangements.

We are a business that is focused on serving our customers and, accordingly, we have a sales team that is dedicated to their support on both an individual and channel specific basis.

As well as customers and suppliers, we seek to build strong relationships with other key stakeholders, including trade associations, local and national politicians from all parties, the local authority, schools and other community groups.

Our directors take an active interest in these connections and participate where possible in building and maintaining such relationships.

(d) The impact of the company's operations on the community and environment

As the largest private sector employer in Moray, we understand our impact on the communities around us.

We also recognise our environmental responsibilities, and products are continually reviewed to ensure a proper balance is struck between the conflicting requirements of product protection and unnecessary packaging.

Furthermore, we are committed to reducing our carbon footprint through all our actions and schemes to recycle waste materials and improve the efficiency of energy and water consumption, particularly in relation to our production output.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

We believe it is vital that we are trusted by our stakeholders and therefore we seek to maintain high standards in all that we do as a business.

Our Audit Committee meets every six months and considers a range of reporting, management, control and governance issues, providing assurance to the Board in relation to the way in which the company conducts itself.

Our Employee Handbook, also referred to in the Directors' Report, and other relevant policies apply across the business and are reviewed regularly. Amongst other things, they cover conflicts of interest, our anti-bribery policy, whistleblowing, our expectations of conduct in the workplace and matters in relation to confidentiality, along with our policies aimed at preventing the use of modern slavery, people trafficking and child labour in any aspect of our business.

Furthermore, the Board treasures the company's strong international reputation, and it is always at the forefront of decisions taken collectively or individually.

WALKER'S SHORTBREAD LTD

FOR THE YEAR ENDED 31 DECEMBER 2022

(f) The need to act fairly as between members of the company

The Board of Directors is comprised of an independent non-executive chairman, three non-family executive directors and representatives from the controlling shareholder groups. We believe this ensures all shareholders are treated fairly and that their views are fully represented when making key decisions.

This is further ensured by a Family Business Constitution, first signed in 2008, and which sets out the rights of each of the shareholders in relation to the company and the matters which require specific shareholder consent.